

This electronic thesis or dissertation has been downloaded from the King's Research Portal at <https://kclpure.kcl.ac.uk/portal/>



Britain's 1981 defence review.

Boren, David K

The copyright of this thesis rests with the author and no quotation from it or information derived from it may be published without proper acknowledgement.

END USER LICENCE AGREEMENT



Unless another licence is stated on the immediately following page this work is licensed

under a Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International

licence. <https://creativecommons.org/licenses/by-nc-nd/4.0/>

You are free to copy, distribute and transmit the work

Under the following conditions:

- Attribution: You must attribute the work in the manner specified by the author (but not in any way that suggests that they endorse you or your use of the work).
- Non Commercial: You may not use this work for commercial purposes.
- No Derivative Works - You may not alter, transform, or build upon this work.

Any of these conditions can be waived if you receive permission from the author. Your fair dealings and other rights are in no way affected by the above.

Take down policy

If you believe that this document breaches copyright please contact librarypure@kcl.ac.uk providing details, and we will remove access to the work immediately and investigate your claim.

BRITAIN'S 1981 DEFENCE REVIEW

David K. Boren

Submitted for the Degree of Doctor of Philosophy

Department of War Studies

University of London, King's College

September 1992



ABSTRACT

The purpose of this thesis is to analyse the origins, conduct and implementation of Britain's 1981 defence review. Detailed analysis of both the substance of defence policy and decision-making within the Ministry of Defence make this a unique study. No such in-depth analysis of a contemporary decision in British defence has been written, largely due to the culture of secrecy in British government. However, documentation of the 1981 review through interviews with virtually all the participants demonstrates what can now be accomplished in the field of contemporary history, even in the sensitive area of defence.

The 1981 review took place during a major shift of influence within the ministry away from the Service Departments and toward the central staffs. Previously the Chiefs of Staff had assessed Britain's strategic priorities, but in 1981 this was done by the central staffs. This informal shift in responsibility took place due to growing economic constraints which created pressure for deep cuts in the defence budget. The Chiefs of Staff Committee, prone to compromise, was unable to agree which area of the programme should be cut. Conducting a 'strategic' review, in which cuts reflected defence priorities rather than the principle of 'equal misery' among the services, required that the grip of

the Chiefs of Staff on defence planning be broken.

The implications for the review were significant. Economic and international political considerations were paramount. Existing priorities were reaffirmed but current trends were accelerated, leading to radical cuts in the Royal Navy. The Navy was vulnerable for a variety of reasons: its programme was overloaded, there were powerful arguments against its prevailing operational concept, and its approach to the review was perceived as unhelpful. In contrast, Army and Royal Air Force programmes were closely linked to NATO's Central Region and thereby shielded from radical cuts due to the international political importance of British Forces Germany.

The 1982 Falklands War reopened the debate over defence priorities and led to modification of the 1981 review. Financial pressures on the defence programme remained great throughout the 1980s, but the 1981 review had been a painful exercise and the government proved unwilling to undertake another fundamental assessment of British defence. The 1981 White Paper, as amended in 1982, remained the basic statement of British defence priorities throughout the decade.

Contents

	Page
ABSTRACT	i
ACKNOWLEDGEMENTS	iv
ABBREVIATIONS	vii
CHAPTER ONE: Introduction	1
CHAPTER TWO: The Defence Review in Postwar Britain	24
CHAPTER THREE: Defence and National Priorities, 1974-79	67
CHAPTER FOUR: Conventional Defence Priorities, 1975-80	112
CHAPTER FIVE: Polaris Replacement: The Trident Decision, 1979-80	173
CHAPTER SIX: Politics and Defence Budgeting, 1979-81	225
CHAPTER SEVEN: Conduct of the 1981 Defence Review	266
CHAPTER EIGHT: Implementing <u>The Way Forward</u>	339
CHAPTER NINE: The Falklands War	383
CHAPTER TEN: Conclusion	426
BIBLIOGRAPHY	438

ACKNOWLEDGEMENTS

In completing this thesis I have acquired many debts of gratitude. Above all, I would like to thank Professor Lawrence D. Freedman for his advice, encouragement, and example, all of which contributed enormously to this enterprise.

I would also like to thank all those within Whitehall and elsewhere whose oral testimony enabled me to study events for which no official records are available. To the extent that I have accurately documented the 1981 defence review this thesis testifies to the openness and helpfulness of ministers, civil servants, and the armed services.

Initially, my research was facilitated by a grant from the Overseas Research Council. In the latter stages I have benefitted from involvement in the Leverhulme project on Defence of the Realm based at Southampton University and King's College London.

Several libraries proved invaluable to my research, particularly at the International Institute of Strategic Studies, the Royal International Institute of International Affairs, the Royal United Services Institute, and the Royal Naval College at Greenwich.

I am grateful to my parents, Ben and Jan Boren, for their unflagging support and enthusiasm for my academic endeavours. I would also like to thank Winston and Sallie Kratz for their interest and generosity.

To my sons, Zachary and Dominic, both born while this project was underway, and to my wife, Deborah E. Davies, I express my deepest appreciation for sharing my sacrifices and magnifying my joys.

While my debts are great I remain solely responsible for any errors of fact, interpretation or argument.

To the memory of my mother

ABBREVIATIONS

ACE	Allied Command Europe
AEW	Airborne Early Warning
ASW	Anti-Submarine Warfare
AWRE	Atomic Weapons Research Establishment
BAOR	British Army on the Rhine
BBC	British Broadcasting Corporation
CAS	Chief of Air Staff
CDP	Chief of Defence Procurement
CDS	Chief of Defence Staff
CGS	Chief of General Staff
CINCFLEET	Commander-in-Chief Fleet
CNS	Chief of Naval Staff
CSA	Chief Scientific Adviser
DEPC	Defence Equipment Policy Committee
DMO	Director of Military Operations (Army)
DOAE	Defence Operational Analysis Establishment
DPWP	Defence Programme Working Party
DSWP	Defence Studies Working Party
DS1	Defence Secretariat 1
DUS (P)	Deputy Under Secretary for Policy
FCO	Foreign and Commonwealth Office
FPMG	Financial Planning and Management Group
GDP	Gross Domestic Product
GNP	Gross National Product
IMF	International Monetary Fund
ITO	Individual Training Organisation
KNAG	Knock About Group
LPD	Landing Platform Dock
LRMPT	Long-Range Maritime Patrol Aircraft
LTC	Long-Term Costing
LTDP	Long-Term Defence Programme
MO1	Military Operations 1 (Army)
MoD	Ministry of Defence
MIRV	Multiple Independently-Targeted Re-entry Vehicle
MRCA	Multi-Role Combat Aircraft (Tornado)
NATO	North Atlantic Treaty Organization
OECD	Organization for Economic Development
ORC	Operational Requirements Committee
PESC	Public Expenditure Survey Committee
PUS	Permanent Under Secretary
RAF	Royal Air Force
SACEUR	Supreme Allied Commander
SACLANT	Supreme Allied Commander Atlantic
SLBM	Submarine-Launched Ballistic Missile
SLCM	Submarine-Launched Cruise Missile
SLOCs	Sea Lines of Communication
SOSUS	Sound Surveillance System
TA	Territorial Army
TAF	Tactical Air Force
UKADGE	United Kingdom Air Defence Ground Environment
UKLF	United Kingdom Land Forces
WASG	Way Ahead Study Group

CHAPTER ONE

Introduction

Broad strategic concepts have rarely been at the heart of defence planning in postwar Britain. Their absence has been due, at least in part, to the structure and nature of influence within the Ministry of Defence. The need to balance commitments and priorities has prompted numerous long-range planning exercises, defence reviews, but conflicting political, economic, and strategic imperatives have consistently constrained defence plans. Despite undergoing what amounts to perpetual review, Britain's defence effort has evolved incrementally, not radically, and without the detailed articulation of an overarching national strategy.

In 1981 reshaping Britain's defence posture hinged on fundamental changes in civil-military relations. The Salisbury report of 1920 had formally given the Service Chiefs, working together as the Chiefs of Staff Committee, authority for developing strategic concepts.¹ Despite the creation of the Ministry of Defence in 1946 and subsequent centralisation of authority in the hands of the Secretary of State for Defence, the Service Departments continued to play the vital role in defence planning. None of the subsequent reorganisations of the ministry diminished this

¹ Cmnd 2029, Report of the Sub-Committee of the Committee of Imperial Defence on National and Imperial Defence, 1924, (The Salisbury Report), para 51 (1).

authority. However, the difficulty of arriving at strategic concepts acceptable to all three services inhibited the emergence of a unified 'defence view' of priorities, in contrast to a three-way compromise accommodating each service's interests. Such a 'defence view', or 'defence solution', was declared an explicit objective of the 1963 defence reorganisation, yet in practice service planning continued as before.²

The 1981 review was a watershed in the establishment of a defence view. In analysing how this particular defence view emerged, this thesis identifies 1981 as the point when, due to informal shifts of influence, the central civilian and military staffs supplanted the Service Departments as the principal source of advice about the future size and shape of the defence programme. The growth of central influence within the Ministry of Defence has been thoroughly explored elsewhere and placed in the context of the ministry's evolution.³ However, the

² Cmnd 2097, Central Organisation for Defence, (July 1963), para 32.

³ See, for example, Adrian Smith, 'Command and Control in Postwar Britain: Defence Decision-making in the United Kingdom, 1945-1984,' Twentieth Century British History, Vol 2. No. 3 (1991); Sir Ewen Broadbent, The Military and Government: From Macmillan to Heseltine (London: Macmillan, 1988); Martin Edmonds, 'The Higher Organisation of Defence in Britain, 1945-85: The Federal Unification Debate,' in M. Edmonds, (ed), The Defence Equation: British Military Systems -- Policy, Planning and Performance Since 1945 (London: Brassey's, 1986); John Sweetman, 'A Process of Evolution: Command and Control in Peacetime,' in John Sweetman, (ed), Sword and Mace: Twentieth Century Civil-Military Relations in Britain (London: Brassey's, 1986); Franklyn A. Johnson, Defence By Ministry (London: Duckworth, 1980); Michael Howard, Central Organisation for Defence (London: RUSI, 1970).

tendency has been to explore this evolution as reflected in formal organisational change or the conduct of military operations.⁴ While clearly demonstrating the growth in central influence, and explaining how reorganisations codified the enhanced authority, existing analyses do not fully explore the impact of defence reviews, in particular the 1981 review, on the evolution of the ministry or British defence policy. This thesis identifies the character and timing of the shift in influence which enabled the central staffs to assume responsibility for peacetime strategic planning, and explores the impact of this shift on policy.

The principle underlying the redrafting of defence plans in 1981 was NATO orthodoxy, the central staff's core consensus on defence priorities. Emphasis on Britain's NATO roles did not represent a departure in British policy, which since the 1960s had focused increasingly on NATO capabilities. However, in 1981 Britain accepted for the first time the specialisation of its armed forces this orthodoxy implied. Due to the importance of the central front in NATO strategy Britain planned radically to reduce the size of the Royal Navy's surface fleet, Britain's traditional instrument of military power. Growth in central influence was critical to the government's adoption of NATO priorities as British priorities.

⁴ Ibid and Colin Seymour-Ure, 'British "War Cabinets" in Limited Wars: Korea, Suez and the Falklands,' Public Administration Vol. 62 (Summer 1984); Alex Danchev, 'The Central Direction of War, 1940-41,' in Sweetman, (ed), Sword and Mace.

Although the 1963 reorganisation strengthened ministerial control and central civilian influence it did not strengthen the central defence staff, which remained dependent on the Service Departments. With powerful Admiral Lord Mountbatten as Chief of Defence Staff the other Chiefs of Staff were loath to enhance his already considerable personal authority and vetoed all such proposals. The formal authority necessary for the Chief of Defence Staff to push the Service Chiefs towards a shared defence view consequently remained limited. The process of arriving at tri-service defence concepts thus depended on inter-service compromise, which, difficult to achieve in the best of times, could prove impossible during periods of budgetary retrenchment.

In the 1970s, ongoing economic problems inclined ministers to rely more heavily on their civilian advisers, whose role as interlocutor between departments and as the source of financial advice endowed their recommendations to the Secretary of State with economic as well as political rationality. Undoubtedly, the cumulative experience gained by civilian staff following the 1964 adoption of a policy of cross-posting between the services, and the streamlined nature of civilian reporting procedures, further enhanced their influence. During the same period inter-service bargaining diminished the credibility of the Service Chiefs. But, with ministry civilians lacking the experience and training to formulate defence plans and the central defence staffs dependent on the services, 'defence

solutions' did not emerge without tri-service approval. Conducting a defence review on this basis, as in 1974, proved painful and, ultimately, ineffective.

Postwar British defence policy has been characterised by relative decline and this thesis does not challenge the assumption that economic constraints have brought about the gradual contraction of Britain's defence commitments despite the existence of political and strategic incentives to maintain them.⁵ Indeed, it accepts this assumption and elaborates on how defence planners have coped with conflicting economic, political, and strategic constraints. The effect of coping with the tension between economic and strategic imperatives is evident in the structure of the Ministry of Defence, reaffirming the link between organisational adaptation and policy reappraisals.⁶

Writing in the wake of the Healey defence reviews of the late 1960s, the former Navy Minister, Christopher (now Lord) Mayhew wrote

The big reform of defence organisation is needed elsewhere -- not inside the MoD but in the triangular relationship between the Ministry, the economic departments and the overseas departments. It was here -- and not in the relationship between the Navy and the RAF -- that the Government's Defence Review arrangements broke down. There was a plain conflict between

⁵ On the link between defence spending and economic decline see L.W. Martin, 'British Defence Policy: The Long Recessional,' Adelphi Paper No. 61 (November 1969); C.J. Bartlett, The Long Retreat (London: Macmillan, 1977); Christopher Coker, A Nation in Retreat? (London: Brassey's, 1986); and Malcolm Chalmers, Paying For Defence: Military Spending and British Decline (London: Pluto Press, 1985).

⁶ See Baylis, British Defence, esp. p. 18, on organisational change and the evolution of defence policy.

the tasks recommended by the overseas departments, the budget recommended by the economic departments and the defence structure recommended by the Ministry of Defence; and there was no effective authority, standing apart from the interested Ministers and Departments, which was capable of working out and imposing a rational decision.⁷

Yet organisational changes affecting defence policy formation continued to be introspective, a 'constant search,' according to Sir Ewen Broadbent, 'for better internal ways of determining the broad parameters of defence policy.'⁸

Not surprisingly, one of the main 'Whitehall' defence debates of the 1980s was whether civilians had assumed an 'unreasonable' degree of influence over plans.⁹ Analysis of the 1981 review provides one means of assessing the concentration of power within British decision-making for defence, although the question of central input is sensitive to a variety of assumptions about what constitutes 'unreasonable' influence. One objective criterion for assessing central influence could be the coherence of defence plans prepared by central staffs, compared to alternative plans prepared elsewhere. The absence of alternative plans in 1981 precludes the application of this criterion, but nevertheless highlights the dependence of policy formation on the balance of influence within the ministry. This thesis argues that the

⁷ Christopher Mayhew, Britain's Role Tomorrow (London: Hutchinson, 1967), p. 163

⁸ Broadbent, The Military and Government, p. 197.

⁹ Broadbent, The Military and Government, p. 189.

growth in civilian influence was not 'unreasonable' for two reasons. First, the strengthened centre filled a necessary gap in the decision-making process. Second, this strengthening resulted in a mutually dependent civil-military centre, rather than civilian predominance.

From within the framework established by the 1963 reorganisation, the central staffs, working together, emerged as the most likely source of a coherent defence view. In the second half of the 1970s a disparity emerged between the formal distribution of authority within the Ministry of Defence and the practical exercise of influence. While the Service Chiefs remained formally responsible for defence plans, their propensity to compromise and resulting inability to establish clear priorities, even in a period of severe economic constraint, eroded their credibility. Gradually, key members of the central staff, initially civilian but ultimately military as well, developed more prominent roles in defence planning. While the Chiefs of Staff Committee remained the forum for decisions about forward plans in 1974, by 1980 central civilian staffs, working closely with central military staffs, had assumed the primary role. Thus, the central defence staffs ultimately benefitted from the accrual of central civilian influence. Together, the central staffs as a whole possessed the necessary political, financial and military expertise to conduct a defence review, and the necessary influence and access to ensure a sympathetic hearing with the Secretary of State.

The outcome of the 1981 defence review was to a large extent a result of this shift in influence.

The basic consensus among key central officials over the appropriate direction of defence policy, NATO orthodoxy, hinged on two assumptions. First, that British security depended, above all, on alliance. Second, that alliance cohesion was best served by a strong British military presence in central Europe. Political logic thus implied cutting the Royal Navy. As in the 1960s, this political logic was bolstered by operational research, which also played an important part in ministry debate over alternative force structures. The argument for naval cuts incorporated the conclusions of several studies conducted by the Defence Operational Analysis Establishment. These studies, subject to considerable dispute within the ministry, suggested that large, highly capable surface ships, particularly carriers, were not cost effective. The analysis underlying these studies complemented the political rationale for cutting the Navy and critically influenced the thinking of central military and civilian staff, as well as the Secretary of State. On this basis, in 1981, central officials produced a coherent defence plan with specified priorities. This was not a plan, however, that all three services could approve.

The fundamental nature of the proposals under consideration limited the role of the Chiefs of Staff Committee, which depended on consensus. Lack of agreement, and an inability to work out a compromise once the Chiefs

of Staff had lost the initiative in the review, highlighted the disparity in outlook between central and service staffs. Tasked with developing a 'purple' or defence-wide set of overall priorities, the central defence staffs were better placed to set aside service loyalties. However, continued dependence on the Service Chiefs inhibited their ability to perform this role, which led in 1982 to the formal strengthening of the Chief of Defence Staff, who shared their 'purple' mandate. Concern over elevating the Chief of Defence Staff above the other Chiefs of Staff remained, with some arguing that this would diminish the military voice in government since the opinions of the CDS could be seen as those of one man from one service. An overriding concern, however, was that a CDS unable to speak about defence priorities with the full support of the Service Chiefs, had inadequate authority to participate in the development of policy and plans.

One reason why developing a defence view and outlining priorities has been so difficult is the nature of the policy choices Britain has faced and their expression in terms of dichotomies: continental versus maritime power, European versus global defence, Europe versus the 'special relationship', nuclear weapons versus conventional forces, alliance commitments versus national independence. The need to preserve a wide range of options often resulted in decisions motivated more by necessity than adherence to

strategic concepts.¹⁰ Lack of attention to such concepts, as a means both of defining Britain's role in the world and of identifying the appropriate means to uphold it has engendered considerable criticism.¹¹ The chief failing of the system, the primacy of compromise over reason, led resource allocation to proceed 'more on the basis of "fair shares" than a coherent overall strategic plan.'¹²

Writing in 1967, Laurence Martin argued that the system for determining the size and shape of Britain's defence effort encouraged

uncritical attachment to the existing shape of defence policy, uncertainties about the future of Europe and NATO notwithstanding...Too passive an acceptance of the lines of policy that have resulted, somewhat arbitrarily, from the events of recent years, would run a serious risk of emasculating defence policy as an instrument of national purpose.¹³

According to Martin, the history of British defence policy after 1951 was

one of attempting to perform a crushing dual task [Europe and overseas] without paying the necessary price. It is a history marked by a series of efforts to make ends meet by bold doctrinal innovations, none of which was pursued to its logical conclusion.¹⁴

¹⁰ John Baylis, British Defence: Striking the Right Balance (London:, Macmillan, 1989), p. 9

¹¹ See, for example, Coker, A Nation in Retreat?; Michael Chichester and John Wilkinson, The Uncertain Ally: British Defence Policy, 1960-1990 (Aldershot: Gower, 1982).

¹² Laurence W. Martin, 'The Market for Strategic Ideas in Britain: The "Sandys Era",' American Political Science Review (March 1962), p. 24.

¹³ L.W.Martin, 'British Defence Policy: The Long Recessional,' Adelphi Paper No. 61 (November 1969), p. 21.

¹⁴ Martin, 'British Defence Policy,' p. 2.

Although written in 1967, this observation accurately describes subsequent defence reviews. The innovation of the review conducted in 1974 by Secretary of State for Defence Roy Mason was to plan on the assumption that all non-NATO commitments would be relinquished. The assumption was flawed, however, as it proved politically impossible to end all overseas commitments. As a result, the size and distribution of defence budget cuts, necessary for economic reasons, was ultimately dictated by financial, rather than strategic logic.¹⁵

Innovations in 1981 included reducing Britain's planned role in the protection of NATO's transatlantic reinforcements, and shifting the balance of assets required for anti-submarine warfare to favour submarines and aircraft. These doctrinal changes reduced the need for surface ships, and in turn allowed for savings in naval support infrastructure. However, as previously, these planned changes were not pursued to their logical conclusion, in this case due to the outbreak of the Falklands War in 1982.

The Royal Navy's operational concept had been repeatedly challenged since the Second World War, in which it had played an undoubtedly vital role. The importance of air power for all military operations led to significant debate over the relative merit of land-based versus carrier-based aircraft, and generated considerable inter-

¹⁵ General Sir William Jackson, Britain's Defence Dilemma: An Inside View (London: B.T. Batsford, 1990), p. 139.

service rivalry. When Defence Secretary Denis Healey removed aircraft carriers from the forward defence programme in 1966 it appeared that the Navy might lose this capability forever. However, careful management of the naval programme and development of the through-deck cruiser -- in effect a mini aircraft carrier -- enabled the fleet to preserve a degree of organic air power. In the South Atlantic in 1982 this capability proved essential to the conduct of the Falklands campaign.

The Falklands campaign, however, was not foreseeable, at least not in the late 1970s when rapid advancement in missile and satellite technologies heightened ship vulnerability, leaving the Navy exposed to criticism that fleet air defences were both inadequate and too costly. Growth in Soviet anti-ship capabilities through the 1970s raised doubts about the survivability of surface vessels, including carriers, in a NATO-Warsaw Pact war. At the very least, the need for carriers to protect themselves appeared likely to infringe on their ability to fulfil their mission. The Soviet threat, and the high cost of sea-based air power made it increasingly difficult to conform the Navy's operational concept to NATO strategy. To the extent that British defence priorities equated with NATO priorities, in 1981 strategic, as well as economic and political logic, also suggested cutting the Royal Navy. Conduct of the review by central staff, where there was consensus approval of NATO orthodoxy, was thus critical to the policy outcome.

A second critical factor was that in 1980-81 defence became part of the battleground between rival Conservative philosophies represented in Cabinet. Defence choices were painful for the Conservative Government, which had been elected both to improve the economy and strengthen defence. When these goals proved irreconcilable economic health took precedence and John Nott, as Secretary of State for Defence, determined that hard defence choices would be confronted. Nott built on the existing consensus, accelerating the planned shift of emphasis in the defence programme, despite vociferous Navy protest. With the strong support of the Prime Minister Nott successfully overcame political obstacles to the review, which as result, reflected not only the growing influence of the central staffs, but the enhancement of prime ministerial authority.

In the course of the review primary consideration was given to international rather than domestic political concerns. Indeed, the principal policy challenge emanated from within the Conservative Party, many of whom believed strongly in the importance of the Royal Navy's surface fleet. Divisions within the Conservative Party illustrated the tension between what were perceived as competing priorities within the defence programme. Navy critics believed the surface fleet was being sacrificed to finance the purchase of the Trident Submarine-Launched Ballistic Missile, which was to become Britain's third generation strategic nuclear deterrent. The timing of the Trident decision, the launch of the review, and the review's scope,

bolstered this belief. Nevertheless this view underestimated the significance of existing incentives for reducing and reallocating Navy resources. Moreover, the incidence of expenditure on Trident, which peaked in the late 1980s, does not satisfactorily account for the need in 1981 for short and medium-term savings in the defence programme. This need derived from larger budgetary pressures at work inhibiting the achievement of governments' financial objectives, and undermining planning assumptions.

The easing of short-term budgetary pressures in the wake of the Falklands War resulted in the modification of the 1981 review, and the Navy did not suffer as greatly as feared. However, the policy underlying the review did not change, and the 1981 white paper remained the basic statement on British defence priorities throughout the decade. Only after transformation of the political and strategic environment led in 1990-91 to the Options for Change exercise did basic policy begin to shift.

Despite being a critical episode in British defence little has been written specifically about the 1981 defence review. This may be partly because it was yet another in the series of postwar defence reviews undertaken as a result of economic constraints and did not depart from current policy trends. Accordingly, the most detailed analyses of the 1981 defence review have focused primarily on the white paper's immediate impact on the defence

programme and its implications for the Royal Navy.¹⁶

In the early 1980s there were also other important events underway in British defence. Britain was in the midst of a growing public debate over the role of nuclear weapons in Europe generally and the UK in particular.¹⁷ Due to this concern the 1981 defence review was remote from the focal point of Britain's public defence debate. Indeed, much of the comment on the review focused on Trident's alleged role in bringing it about. Public interest in the review itself might have risen in 1982, when it began to take effect, but even the scale of planned cuts in the Royal Navy was not as emotive as the nuclear threat. Due to changes in technology, politics and the strategic environment, 1981 was a far cry from 1909 when the popular slogan in the debate over the Naval Estimates exhorted the government to build more Dreadnought-class warships: 'We want eight, and we won't wait.'¹⁸

¹⁶ David Greenwood, Reshaping Britain's Defences: An Evaluation of Mr Nott's Way Forward for the United Kingdom (Aberdeen Studies in Defence Economics, No. 19 summer 1981; Eric Grove, Vanguard to Trident (Annapolis: Naval Institute Press, 1987); Derek Wood, 'Stormy Passage Ahead: the future of the Royal Navy,' International Defense Review 12/1981; Christopher Coker analyses its policy implications in A Nation in Retreat?: Britain's Defence Commitment (London: Brassey's, 1986).

¹⁷ See Philip A.G. Sabin, The Third World War Scare in Britain (London: Macmillan, 1986); William K. Domke, R.C. Eichenberg, and C. Kelleher, 'Consensus Lost? Domestic Politics and the "Crisis" in NATO,' World Politics (April 1987) Robbin Laird and David Robertson, '"Grenades from the Candy Store": British Defence Policy in the 1990s?' Orbis (summer 1987).

¹⁸ Arthur J. Marder, From the Dreadnought to Scapa Flow: The Royal Navy in the Fisher Era, part one (London: Oxford University Press, 1961), p. 167.

After the review's conclusions were announced comment was largely confined to a small group of committed critics.¹⁹ With the Falklands War the salience of the review declined further. It remained a topic of debate in as much as the war led to its modification, but analyses of the war quickly overtook most other defence topics.

Traditional constraints on attributable source material have significantly affected the literature on British defence. To date there have been no in-depth analyses of both the policy and process behind contemporary decisions. Most major studies focus on the substance of defence policy or the defence debate.²⁰ Analyses of decision-making generally approach policy and process in one of two ways. Some focus on organisation, tracing the evolution of the Ministry of Defence.²¹ Others focus on process in general terms not relating it in detail to specific decisions.²² In-depth analyses of both policy and

¹⁹ Greenwich Forum, The Navy's Essential Roles in Peace and war and Britain's Unchanging Maritime Interests Worldwide: Report of a Meeting at the House of Lords 22nd June 1981 (Greenwich: Royal Navy College, July 1981); James Cable, Britain's Naval Future (London: Macmillan, 1982); Chichester and Wilkinson, The Uncertain Ally; Desmond Wettern, '"The Way Forward" -- Implications for NATO,' Navy International (October 1981).

²⁰ See, for example, Peter Byrd, (ed), British Defence Policy: Thatcher and Beyond (London: Phillip Alan, 1991); John Baylis, (ed), Alternative Approaches to British Defence (London: Macmillan, 1988); Sabin, The Third World War Scare in Britain; Chichester and Wilkinson, The Uncertain Ally.

²¹ see note 4 above.

²² Malcolm McIntosh, Managing Britain's Defence (London: Macmillan, 1990); Michael Hobkirk, The Politics of Defence Budgeting (Washington, DC: National Defense University,

the decision-making process have largely been confined to decisions taking place over thirty years earlier, once official records have become publicly available.²³ The few contemporary studies closely integrating analysis of policy with the decision process have done so mainly on the basis of published sources, though not infrequently they have also been informed by interviews, largely unattributable.²⁴ Occasionally retired defence planners themselves write about British defence, but even inside accounts face many of the same source limitations.²⁵

Historical analysis of the 1981 defence review, which established policy contours for the decade and had a strong impact on the ministry, helps to span this gap in British defence literature. Moreover, as a contemporary decision, it offers the opportunity to explore key aspects of civil-

1983); Michael Dillon, 'Recurring Dilemmas and Decision-Making for Defence,' in John Baylis, (ed), British Defence Policy in a Changing World (London: Croom Helm, 1977); Laurence Martin, (ed), The Management of Defence (London: Macmillan, 1976).

²³ See, for example, Martin S. Navias, Nuclear Weapons and British Strategic Planning, 1955-58 (Oxford: Clarendon Press, 1991); Julian Lewis, Changing Direction: British Military Planning for Postwar Strategic Defence, 1942-47 (London: The Sherwood Press, 1988).

²⁴ Lawrence Freedman, Britain and Nuclear Weapons (London: Macmillan, 1980); Baylis, British Defence; G.M. Dillon, The Falklands, Politics and War (London: Macmillan, 1989); Margaret Blunden and Owen Greene, (eds), Science and Mythology in the Making of Defence Policy (London: Brassey's, 1989).

²⁵ Bill Jackson and Dwin Bramall, The Chiefs: The Story of the United Kingdom Chiefs of Staff (London: Brassey's, 1992); Michael Carver, Tightrope Walking: British Defence Policy Since 1945 (London: Hutchinson, 1992); Jackson, Britain's Defence Dilemma.

military relations while those involved are still alive to talk about them. The principal primary sources for this thesis are interviews with ministers, civil servants, military officers, and scientific staffs involved in defence planning. Where relevant and possible interviews have also been conducted with former officials in NATO and in the United States.

There are recognisable drawbacks to relying on individual recollections about past events. Memories can be fallible and a lack of supporting documentation can limit the opportunities for independently verifying what one is told. However, due largely to the greater amount of information on defence available in the 1980s it has been possible to corroborate much of the interview material with official publications, mainly parliamentary papers, and with secondary sources. Such opportunities offer the best means of verifying the validity of the information provided and enable the history of the 1981 review to be fully integrated with existing literature on British defence.

The majority of those involved in the 1981 review are still alive, thus making corroboration of oral testimony more feasible. The extent to which those interviewed for this study have corroborated each other's recollections provides a high degree of confidence about their accuracy. On the few occasions when important points made in one interview could not be confirmed by at least one other source the remaining uncertainty about the accuracy of this information is noted in the text.

One potentially significant drawback in relying primarily on interviews is an understandable reluctance among some of those interviewed to allow their remarks to be attributed. The officials interviewed for this study distinguish themselves. More than half of the over 70 officials interviewed agreed to have their remarks attributed by name. Many interviews were conducted on a wholly attributable basis. Others were conducted on an unattributable basis but with the understanding that requests to attribute specific remarks would be favourably considered. Some of those involved were prepared to be attributed by a code shared only with the thesis examiners, and others preferred to remain anonymous. In all instances the wishes of those interviewed have been respected.

Only the names of those who gave permission to attribute their remarks are cited in the bibliography, which is also selective in its inclusion of secondary material. Much of the corroboration of interview material was provided by those officials who remained unattributable, but every attribution in this thesis appears with the permission of the person cited. In no instance was permission to attribute contingent on agreement with the argument of this thesis and in no way does its appearance here imply such agreement. Nor at any time has access to classified information been sought or knowingly provided. On this basis it has been possible to analyze in detail the origins, conduct and implementation of the 1981 defence review. One fundamental conclusion must be that, after a decent interval, it is possible thoroughly to document contemporary decisions of the British government even in the sensitive area of defence.

Outline of the Study

Chapter two discusses the role of defence reviews in postwar Britain, highlighting the difficulties in achieving an agreed view of defence priorities and using it to develop long-term plans. Coordinating economic, foreign and defence policy proved extremely difficult and the strength of financial considerations prompted efforts to tighten central control over service budgets. In the second half of the 1960s Defence Secretary Denis Healey imposed large defence cuts, which fell particularly hard on the Royal Navy. The review, however, led directly to improved coordination between the services, helping them to mitigate defence cuts in the 1970s.

Chapter three examines the shift in relative priorities away from defence between 1974 and 1980 and illustrates the background against which civil service influence increased within the Ministry of Defence, as elsewhere, due to the importance of financial and budgeting expertise. The tendency of Chiefs of Staff to allocate resources on the basis of compromise threatened their credibility and influence within the ministry, and government. Britain's international role, its consequently broad range of defence priorities, and declining economic growth led defence cuts to be more determined by finance and politics than strategic objectives.

Chapter four considers the political and strategic considerations underpinning conventional defences in the five years prior to the 1981 review. Internationally, Britain was under considerable pressure to strengthen its defences, particularly on the continent. At the same time, technical change and some Soviet force improvements increasingly raised questions about key NATO roles of the Royal Navy. With medium-to long-range plans (five to ten years) unattainable due to poor economic growth pressure on the defence programme increased.

Chapter five examines the implications of the government's decision to replace the Polaris missile. The decision reflected the importance the government placed on maintaining the independent strategic deterrent, and how, on the basis of this priority, financial considerations were paramount at all levels of decision-making. Nuclear force modernisation was not viewed in isolation from conventional defence spending, however, Trident did not bring about the 1981 defence review. The link between nuclear and conventional defence spending highlighted, above all, the continued political importance of Britain's continental commitment.

Chapter six discusses defence management in the first two years of the Thatcher Government, arguing that the 1981 review was brought about by overall budgetary factors, and international political priorities. The MoD's difficulty

remaining within 1980-81 cash limits reduced the willingness of ministers to increase defence spending while other departments suffered across-the-board cuts. When the clash between the conflicting priorities of economic expansion and improved defences was resolved in favour of the economy a major defence review was the logical consequence. The priorities on which interim short-term savings in 1980 had been achieved became the basis for consensus agreement on the basic direction of the defence programme, signalling a shift of priorities away from the Royal Navy.

Chapter seven analyses the conduct of the 1981 review, paying particular attention to relationships between various groups within the Ministry of Defence and their effect on the review's outcome. The Chiefs of Staff and Service Departments played a limited role in determining strategic priorities, inhibited by the fundamental nature of the review and the structure of the ministry. In a radical departure from previous practice the defence priorities shared by key members of the central staffs, rather than the services, guided the review.

Chapter eight analyses the review's implementation and impact on the ministry as well as the defence debate prior to the Falklands War. Gradual implementation of the review increased the prospect that it could be modified, if not reversed. Moreover, considerable political capital had

already been expended supporting the review when the Falklands War broke out in April 1982, fortifying arguments that the Navy had been cut back too severely.

Chapter nine considers the effect of the Falklands War on the defence review. The Royal Navy played a vital role in the operation and its professional and political standing was considerably enhanced. While the war provided a rationale for modifying the review this would have been impossible without additional resources. Nott fought hard to secure Treasury funding for the war, which ultimately made it possible to modify the review. As a result, many of the most severe naval cuts were rescinded, and pressures on the Navy were relaxed, but the government's basic policy remained unchanged.

Chapter ten concludes that the 1981 review was a watershed in civil-military relations, in which informal influence had a decisive impact on policy formation. The review highlighted the disparity between formal authority and practical influence, prompting significant changes in the structure of the Ministry of Defence. The policy underlying the review was a product of the ascendancy of central staff within the ministry. While the detail of this policy was modified after the Falklands War the transformation in civil-military relations was an enduring legacy of the 1981 review.

CHAPTER TWO

The Defence Review in Postwar Britain

The phrase 'defence review' first became familiar in the 1960s when Secretary of State for Defence Denis Healey used it to describe his efforts to achieve a new balance between defence commitments and resources.¹ Healey's decisions caused considerable anguish among the services, endowing the concept of a 'defence review' with an unpleasant connotation. According to Secretary of State for Defence Tom King in 1990:

The word 'defence review' has been given a bad name. That is the way it started out -- as just a way of saving money and how one could slash money out of the whole programme. That is precisely what we are not doing. So that's why we are not having a defence review. That is why we are looking at options for change.²

Yet defence reviews have been a regular feature of British strategic planning. In 1975 the MoD's Permanent Under Secretary estimated that as many as seventeen reviews had been conducted since 1949, including 'mini-reviews.'³ A more selective count, including only the most comprehensive reviews, totals six by 1975, with the 1981 review and the 1990/91 Options for Change exercise bringing

¹ Cmnd 2901, Statement on the Defence Estimates, 1966: part I. The Defence Review (February 1966).

² Defence Committee, Session 1989-90, Information for UK Defence Policy of Recent Events in Europe, Minutes of Evidence, 28 March 1990, (HC 320-i), Q. 43.

³ Sir Michael Cary, 'Britain's Armed Forces After the Cuts,' RUSI Journal (March 1976), p. 1.

the total number to eight.⁴ Due to the regularity and difficulty of defence reviews it has not been uncommon for Defence Ministers since the 1960s to ban official reference to the phrase during significant planning exercises, as Tom King effectively did in 1990 and George Younger and Michael Heseltine had done before him. Nevertheless, the phrase defence review has continued to be used unofficially as the most accurate description of a recurrent phenomenon in British defence.

Defence reviews, particularly fundamental ones undertaken to reconsider the overall size and shape of the armed forces, can help clarify policy objectives and allocate resources accordingly. However, as a decision-making process they do not reduce frictions within government. On the contrary, because they require the coordination of diverse areas of policy -- economics, politics, and strategy -- defence reviews tend to exacerbate political divisions. Their conduct reflects the tensions between ministers with conflicting roles, between Service Departments competing for a share of limited resources, and between basic groups within the ministry on whom coherent policy depends: ministers, central civilians, the services, the central military, and the scientists. Fundamental policy decisions have a strong impact on these relationships, and vice-versa. Indeed, adjustments to policy and organisation have been closely related.

⁴ Peter Hennessy, 'Permanent Government: Waiting for Defence Review No. 8,' New Statesman (17 July 1987).

COMMITMENTS AND PRIORITIES

British governments following the Second World War faced challenges in all areas of policy. On those occasions when the armed forces could not be isolated from economic pressures, defence reviews became the forum in which policies were developed to preserve as wide a range of military capabilities as possible. Although devastated economically, Britain emerged from the war with the responsibilities of a victorious power and the overseas commitments of an empire.⁵ Establishing priorities between newly-acquired roles in Europe, where Britain had only reluctantly committed itself, and traditional affiliations, proved exceedingly difficult, not least because British governments sought to preserve as much international influence as possible. Eliminating commitments and accepting a loss of influence, even if achieved quickly and simply, was not an easy alternative, as commitments brought with them important political and economic benefits.

Enhancing British security interests through alliance entailed close participation in the security arrangements of the late 1940s which led in 1954 to the permanent commitment of British troops to the continent as part of

⁵ Throughout 1946 to 1948 British troops carried out occupation duties in Germany, Japan, Italy, Austria and Venezia Giulia. They were also performing duties in Indonesia, Palestine, Greece (until 1947) and remained responsible for defence of the Empire. William J. Crowe, The Policy Roots of the Modern Royal Navy, 1946-1963 (Unpublished PhD Thesis, Princeton, 1966), p. 163; See also Richard Gardner, Sterling-Dollar Diplomacy (New York: McGraw Hill, 1969).

NATO.⁶ Despite growing nationalism and the resulting dissolution of the Empire -- beginning with India in 1947 - - Britain retained strong links with its former colonies, with the Commonwealth, which sheltered for many years under the protection of Britain's security guarantee. These commitments gave Britain a prominent international role, commensurate with the status of a 'Great Power'. Preserving this role and consequently this status was a basic objective of postwar governments.

International status was not pursued for its own sake. As a great power Britain was desired as an ally both among the advanced industrial countries of Europe and North America and developing countries in Africa, the Middle and Far East, with the obvious exception of Nasser's Egypt. These ties, though symbolised by Britain's military commitment, offered significant economic and trade benefits.⁷ Overseas trade had long been vital to Britain's economic health, but during the war Britain's export market had virtually collapsed. Continued dependence on imported food and raw materials represented a balance of payments nightmare. Sterling's rapid return to convertibility in 1947 -- a precondition for postwar US loans -- depleted Britain's gold-dollar reserves and

⁶ For the historical roots of this decision see Michael Howard, The Continental Commitment: The Dilemma of British Defence Policy in Two World Wars (London: Temple Smith, 1972).

⁷ See especially CAB 129/53 C (52)202, British Overseas Obligations: Memorandum by the Secretary of State for Foreign Affairs, 18 June 1952.

contributed directly to the gradual liquidation of the sterling bloc of trading countries to which Britain's economy had been linked for many years.⁸ Arriving at a balance between economic and strategic constraints was thus more complicated than choosing between defence spending and economic health. Policy depended on sophisticated judgements based on a wide range of factors.

Tension between economic and political imperatives was also manifest in relations between the Treasury, on the one hand, and the Ministry of Defence and Foreign Office on the other. Chancellor of the Exchequer Hugh Dalton and Labour Minister Aneurin Bevan, for example, viewed the continued devotion of resources to defence as an unnecessary distraction to the civil economy and favoured rapid postwar demobilisation and large defence cuts, while Foreign Secretary Ernest Bevin used his authority to moderate their influence on policy.⁹ One basic problem then, and often since, was the extent of disagreement within Cabinet over the relative political and military value of defence spending increases compared to the civil economy and social programmes.

Disputes over the balance between defence and social expenditure made it considerably more difficult to arrive at a unified strategic concept as the basis for tri-service

⁸ Gardner, Sterling-Dollar Diplomacy, pp. 325-330.

⁹ Alan Bullock, Ernest Bevin: Foreign Secretary, 1945-51, (Oxford: Oxford University Press, 1983), p. 127; See also Hugh Dalton, High Tide and After: Memoirs, 1945-60 (London: Muller, 1962), pp. 193-98.

planning, particularly as the services were already overstretched. Government haggling over budget levels often became linked to fundamental assumptions underlying planning proposals. When the Chiefs of Staff Committee produced the 1952 Global Strategy Paper Cabinet split again, though not along the same lines as the Attlee Government. In 1952, the Chancellor, R.A. Butler, believed the provisional figures of the Global Strategy Costing portrayed a 'frightening picture' and that current defence expenditure was 'certainly as much as, if not more than, we can afford.'¹⁰ The Foreign Secretary, Sir Anthony Eden, emphasised that rigorous maintenance of current policies was 'placing a burden on the country's economy which it is beyond the resources of the country to meet' and that 'shedding or sharing' overseas obligations was the only way to make economies.¹¹ The Minister of Defence, Earl Alexander of Tunis, believed that the government had to choose between rearmament or economies. To impose drastic reductions in the second year of rearmament, he argued, 'dislocates the whole programme and ensures that the results will be inefficient and dangerously incomplete.'¹²

Despite Britain's dependence on NATO for its security,

¹⁰ CAB 130/77, GEN 411/20, The Cost of Defence in Global Strategy: Memorandum by the Chancellor of the Exchequer, 19 July 1952.

¹¹ CAB 129/53 C (52) 202, British Overseas Obligations: Memorandum by the Secretary of State for Foreign Affairs, 18 June 1952.

¹² CAB 129/54 C (52) 253, The Defence Programme: Memorandum by the Minister of Defence, 22 July 1952.

eliminating overseas commitments proved politically difficult. While British forces in Europe had been almost completely withdrawn by the end of 1947, overseas commitments outside Europe had not contracted to the same degree.¹³ As late as 1960 British troops were stationed in the Bahamas, Jamaica, British Honduras, British Guiana, Gibraltar, Libya, Malta, Cyprus, East Africa, Aden, the Persian Gulf, Singapore, Malaya, and Hong Kong. In terms of formal alliance commitments Britain was, in addition to NATO, a member of the Central Treaty Organisation (CENTO) and South East Asian Treaty Organization (SEATO).

Shedding these commitments was complicated by the fact that, unlike the United States, Britain's involvement in these areas was conditioned by long historical association rather than the Cold War. In some areas a sense of obligation to former colonies was as responsible for Britain's continued involvement as formal treaty commitments. For over a century the role of the British Army had been defined by the task of imperial policing and it was a role Britain understood.¹⁴ Britain's initial involvement in Europe was thus in addition to its pre-existing involvement overseas. As long as overseas commitments were essential to Britain's international role,

¹³ General Sir Hugh Beach, 'British Forces in Germany, 1945-85,' in Martin Edmonds, (ed), The Defence Equation (London: Brassey's, 1986), p. 158; Cmnd 6743, Statement Relating to Defence Policy, (February 1946), p. 1; Bullock, Ernest Bevin, p. 127.

¹⁴ Michael Howard, 'Britain's Defenses: Commitments and Capabilities,' Foreign Affairs, Vol. 39, No. 1 (October 1960), p. 83.

and benefitted trade, governments sought to maintain adequate military capabilities to meet contingencies in which they could conceivably become involved.

Problematically, European and overseas defence commitments had different military requirements, giving rise to strategic constraints on defence plans. The European commitment required a modern war fighting capability emphasising mobility, firepower, and highly-trained troops. The overseas commitment was essentially to perform a colonial police function, requiring large numbers of troops capable of a variety of tasks but also prepared to respond to military escalation.¹⁵ The armed forces -- especially the Army -- were unable to specialise without compromising their ability to fulfil commitments. Service Chiefs, in particular, could not honourably take the risk of personal responsibility for plans which professional advisers told them were unworkable with existing resources. The ability to meet existing commitments required large numbers of troops well-equipped with modern weapons, increasingly expensive due to rapid technological advances.

In addition to Britain's European and overseas defence commitments the Attlee Government's 1948 decision to develop a viable nuclear force also required considerable resources. Successive British governments remained committed to building and maintaining a sophisticated

¹⁵ Brigadier C.N. Barclay, 'Historical Background, General Policy and Tasks of the Army,' Brassey's Annual, 1950 (London: Brassey's, 1950), p. 14; and Neville Brown, 'Disengaging in Southeast Asia,' Survival, Vol. 8, No. 8 (August 1966), p. 256.

nuclear armoury. Nuclear weapons were desirable not only for their military potential but also because possession of the world's most powerful weapon was a potent status symbol. Moreover, they strengthened Britain's voice as an ally, thereby offering an important avenue of influence over US policy while enhancing the Anglo-American special relationship.¹⁶

The natural reluctance of British policy makers to act hastily, though not unique to postwar defence policy, assumed greater intellectual credibility in the 1950s.¹⁷ Incrementalism, rather than radical change, appeared a more responsible way of proceeding in a complex political, strategic and economic environment. Uncertainty about the context from which defence plans had to emerge complicated the task of easing the economic burden of a large defence establishment without undermining Britain's ability to meet its commitments. To their frustration the armed forces were consistently asked to perform a wide range of tasks with inadequate resources. As a result, even comprehensive defence reviews tended not to result in fundamental decisions. Instead, they usually involved incremental

¹⁶ See John Baylis, Anglo-American Defence Relations, 1939-1984 (London: Macmillan, 1984); Lawrence Freedman, Martin Navias, Nicholas Wheeler, Independence in Concert: The British Rationale for Possessing Strategic Nuclear Weapons, Nuclear History Program Occasional Paper 5, (University of Maryland, 1989), p. 11.

¹⁷ See, for example, Charles Lindblom, 'The Science of "Muddling Through,"' Public Administration Review Vol. 19 (1959); See also John Baylis, British Defence Policy: Striking the Right Balance (London: Macmillan, 1989), especially pp. 1-18.

cuts in the defence programme, such as the postponement of equipment deliveries, reliance on existing weapons stocks, and reductions in training. Defence reviews thus tended to have a corrosive effect on military capabilities.

DEFENCE REVIEWS: THE PLANNING HORIZON

To the extent that reviews curtailed expenditure without reducing commitments they constituted civilian interventions into military affairs, where strategic issues are paramount. Indeed, government decision-making, the environment in which strategic planning took place, hampered efforts to establish coordinated long-term defence plans by making anything other than short-term decisions extremely difficult to take.

Long-range defence planning had traditionally been a strength of the Royal Navy. Due to the great expense of capital warships even before the First World War forward estimates of the capital costs of major ship construction projects had to be submitted before programmes were approved. Known as 'battleship programming' because battleships were the most expensive items in the budget, this system was the precursor to the 'forward look' which emerged in the 1950s.¹⁸ With the forward look, 'a self consistent Navy/Army/Air Force series of programmes within a given total,' the practice of submitting forward cost

¹⁸ Frank Cooper, 'Long-Range Defence Planning in the U.K.,' Long Range Planning Vol. 3, No. 2 (December 1970), p. 20.

estimates was extended to cover all defence programmes, with plans being submitted on a three-year basis.¹⁹

Innovations in budgetary planning stemmed from the importance to defence of forward planning for both economic and military reasons. The Service Chiefs had to draft contingency plans for the future and procure the necessary equipment to carry them out. Since equipment procurement decisions were often required up to ten years in advance the Service Departments on occasion worked to longer timescales than the Foreign Office, even in the same policy areas.²⁰

The need for forward planning was also driven by the MoD's performance of research and development, testing, and production on a wider scale than any other ministry.²¹ In the words of (now Sir) Frank Cooper,

the sum of human knowledge and the extent of human aspirations is now so great, the timescale of scientific and technological applications of knowledge so extensive, and the consumption of resources so formidable, that planning against a long time scale is one of the principal means we have of achieving a comprehensive and credible defence environment.²²

¹⁹ Sir Richard Clarke, Public Expenditure, Management and Control: The Development of the Public Expenditure Committee (London: Macmillan, 1978), p. 8. For a general discussion of the forward look see Maurice Wright, 'Looking Back at Looking Forward,' in B. Chapman and A. Potter, (eds), W.J.M.M.: Political Questions (Manchester: Manchester University Press, 1974).

²⁰ John Baylis, 'Defence Decision-Making in Britain and the Determinants of Defence Policy,' RUSI Journal, Vol. 120, No. 1 (March 1975), p. 44.

²¹ David Greenwood, Budgeting for Defence, (London: RUSI, 1972), p. 34.

²² Cooper, 'Long Range Defence Planning,' p. 18.

Other ministries placed less emphasis on forward planning because, though useful, it was not essential. The Ministry of Transport made traffic projections and the Ministry of Education assessed demographic trends, but these did not result in detailed internal budgetary plans.²³ While the MoD improved at long-term planning other departments continued to budget on a strictly annual basis.²⁴ As a result, the Treasury shared the MoD's interest in future plans. According to David Serpell, Head of the Treasury Defence Material Division in 1958, 'since so much money is committed years in advance, we are bound to be intimately concerned with long-term [defence] planning.'²⁵

Successive Ministers of Defence endorsed the idea of budgets covering five or more years. According to A.V. Alexander, Minister of Defence from December 1946 to February 1950, proposals covering a three-year period did little to ease the planning burden: 'from the point of view of long-term planning and forward estimating it was, however, very desirable that present forward programmes should be approved in principle.'²⁶ From 1950 to 1952 Earl Alexander of Tunis hoped that, whatever the level of funding, it would be firm and cover at least three years

²³ Interview with Sir Leo Pliatzky, 26 November 1991.

²⁴ Greenwood, Budgeting for Defence, pp. 28-9.

²⁵ Sixth Report of the Estimates Committee, 1957-58, Treasury Control of Expenditure, (HC 254), July 1958. Q. 2238.

²⁶ A.V. Alexander in CAB 131/8 D.O. (50) 1, Service Production Programmes 1950-51, 9 Jan 1950.

because, he believed, the government could not 'afford to dig the programme up by the roots every year.'²⁷ Selwyn Lloyd, who took over from Macmillan as Minister of Defence in May 1955, reasoned that 'it would be of great advantage if ministers were to have before them, after the General Election, a forecast of probable total costs of Defence over a period of five or seven years.'²⁸

The key to relating defence plans to overall budget plans was avoiding a disruption in funding. As with other spending departments, 'being secure means they can go ahead with large, long-term schemes, confident that the money will not suddenly be yanked away.'²⁹ In defence, ongoing funding was necessary to hold together the highly-skilled teams established by defence contractors to perform essential tasks. Once dispersed these teams could be difficult to re-establish, resulting in a serious discontinuity in work. Such a disruption would not only impose economic costs, but could also damage the credibility of a government's commitment to defence.

Gradually the planning horizon was extended. The 1957 defence review revealed the inadequacies of existing budgetary management: the policy decisions made by Defence

²⁷ CAB 129/55, C. (52) 316, The Defence Programme: Memorandum by the Minister of Defence, 3 October 1952; quote from DEFE 7/677, document 13, Memorandum from Alexander to J.P.L. Thomas, 6 August 1952.

²⁸ Extract from SM(55)4, 4 May 1955, in DEFE 13/72.

²⁹ Hugh Heclo and Aaron Wildavsky, The Private Government of Public Money (London: Macmillan, 1974), second edition, p. 87.

Minister Duncan Sandys between January and March 1957 were not costed until July.³⁰ To overcome this discrepancy the MoD expanded the forward look to analyze programmes five years in advance.³¹

Royal Navy ambitions at this time were grander still. In 1958 a planning cell was established within the Navy and charged with developing a ten-year costing. By 1959 the Naval Staff was producing a ten year forward look each March.³² Similarly, the Foreign Office, formally responsible for long-term thinking, adopted a ten-year horizon in a 1959 exercise appraising defence and foreign policy options for the next decade, but this exercise involved considerably less budgetary detail than defence plans.³³

Defence budgeting techniques were continually refined. Ten-year forward looks had certain disadvantages. In the near term planners tended to be over-optimistic. Equipment projects were rarely completed on schedule because defence contractors often proved unable to proceed as rapidly as hoped. Sometimes they overestimated their ability to devote existing resources to new projects. Frequently new

³⁰ Martin S. Navias, The Sandys White Paper of 1957 and the Move to the British New Look (King's College London, PhD Thesis, 1989), p. 352; Martin S. Navias, Nuclear Weapons and British Strategic Planning, 1955-1958 (Oxford: Clarendon Press, 1991).

³¹ For the first formal five-year costing see DEFE 13/110 Five Year Costing: 1959.

³² Interview with Alan Pritchard, 18 June 1991.

³³ See CAB 134/1935 Study of Future Policy for 1960-1970.

technologies or threat assessments would emerge and need to be included or projects would otherwise require more work than anticipated. Weapons could take up to ten years to develop and remain in service up to twenty years. The difficulty of foreseeing thirty years inclined planners toward the most advanced equipment possible. Such hedging against technological change often led to the modification of equipment specifications after development had begun. Costs thus escalated not only because newer technologies cost more, but also due to delays in accommodating new specifications.³⁴

These pressures often meant that less money was spent in a project's early years than planned. Conversely, in the latter years costs often rose faster and beyond expectations. To cope with these conflicting tendencies two techniques developed for the 'block adjustment' of programme expenditure: 'shadow cutting' and 'wedging'. Shadow cuts applied to the early years of a programme. These years would intentionally be underfunded in the knowledge that work would not progress as rapidly as planned. Likewise, a wedge of additional money would be allocated to the latter years of a project when cash outflow ordinarily increased. The size of the block adjustments depended on previous experience in specific areas of the programme and were thus based on highly

³⁴ David Greenwood, 'Economic Constraints and Political Preferences,' in John Baylis, (ed), Alternative Approaches to British Defence Policy (London: Macmillan, 1983), pp. 41-42.

specialised knowledge and the largely subjective judgement of budget experts. Refinement of these techniques enabled the planning horizon to be gradually extended. By 1964 the forward look had evolved into the Long-Term Costing (LTC), a ten-year projection of future spending covering the entire defence budget.³⁵

ELUSIVE STRATEGIC CONCEPTS

Efforts comprehensively to review Britain's defences not only revealed the difficulty of forward planning, but also of developing strategic concepts capable of providing coherence to those plans. Coherent plans could not readily emerge in the absence of unified strategic concepts, since services sometimes planned according to their own needs in isolation from the other services. In 1947, in an issue relating to the burden on the Army as the most manpower-intensive of the services, the Service Chiefs were unable to agree on the appropriate parameters for a defence review, a recurrent problem. The Royal Navy and RAF submitted plans covering a 12-year period and 'designed to produce a peacetime deterrent force as well as a minimum nucleus to meet war requirements.' The Army, on the other hand, submitted a five year plan 'primarily directed to meeting current commitments.'³⁶ Remaining within the

³⁵ Times (7 May 1964).

³⁶ CAB 131/5 D.O. (48) 2, Size and Shape of the Armed Forces, 8 January 1948.

spending limits agreed by Cabinet hinged on the Chiefs of Staff agreeing coordinated long-term plans.³⁷ Bargaining and compromise were an inherent part of even the earliest efforts at postwar defence planning.

In addition to divergent service concerns, Britain had to consider the implications of its plans on allied relations. British governments initially expressed hope that defence burdens would be distributed among NATO allies, largely because they anticipated savings. Early on, however, the British recognized that the ambitious plans for balanced collective forces instead of balanced national forces agreed by the North Atlantic Council in April 1950 would be difficult to implement.³⁸ Unable at this point to adopt NATO defence priorities as the guide for strategic planning the principal concept underlying British rearmament was service equality, and the full range of military capabilities was pursued.

The plan was to prepare Britain for a major war. Soviet intentions were difficult to assess, but the Berlin Blockade of 1948 and North Korea's invasion of South Korea in 1950 suggested that they were aggressive. Alexander's successor as Minister of Defence, Emanuel Shinwell, expressed a belief widely held in the West when he said 'the Soviet Government had incited the North Korean

³⁷ CAB 131/5 D.O. (48) 3, Size and Shape of the Armed Forces, 14 January 1948.

³⁸ CAB 131/8 D.O. (50) 19, Size and Shape of the Armed Forces, 16 October 1950; On NATO's decision see Colonel the Honourable E.H. Wyndham, 'The Atlantic Treaty and Western Defence,' Brassey's Annual, 1950, p. 45.

Government to invade South Korea in the knowledge that this might unleash a train of events leading to general war.³⁹ This assessment of Soviet intentions and growth in Soviet military capabilities gave rise to increased concern about European security and third world stability. Nevertheless, there was little effort to coordinate the 1950 rearmament programme with NATO.⁴⁰

The incoming Conservative Government was committed to the rearmament programme but nevertheless promptly set out to reduce its impact on the economy, due to serious economic problems.⁴¹ To achieve this goal a defence review, the so-called Radical Review, was conducted.⁴² In accordance with current practice the basis of the review was a strategic analysis by the Chiefs of Staff. This analysis demonstrated the difficulty even on a strictly national level of incorporating into defence plans strategic concepts allowing for the establishment of priorities within the defence programme.

The Chiefs' report on Defence Policy and Global

³⁹ CAB 128/19 CM 7 (51), 25 January 1951.

⁴⁰ Air Vice Marshal W.M.Yool, 'The Structure of Defence,' Brassey's Annual, 1951 (London: Brassey's, 1951), pp. 6-7.

⁴¹ See DEFE 7/676, Defence Programmes to 1953-56, document 2, 23 July 1952.

⁴² For a detailed discussion of the Radical Review, especially as it related to the Royal Navy, see Eric Grove, Vanguard to Trident: British Naval Policy Since World War Two (Annapolis: US Naval Institute, 1987), chapter three.

Strategy was a classic example of inter-service compromise.⁴³ The original report was written in June 1950 and was brought up to date in May 1951 'by certain factual amendments only.' These exercises were undertaken largely at the initiative of Sir John Slessor who, when he became Chief of Air Staff in 1950, was 'rather astonished' that there had been no general defence review since the war.⁴⁴

The Chiefs were asked to re-submit the report by 1 March 1952 and the drafting was done during a two week retreat to the Royal Naval College at Greenwich attended by the Chiefs of Staff and the Chief Staff Officer to the MoD, General Sir Ian Jacob.⁴⁵ The Chiefs each personally drafted portions of the paper, which was then re-worked by Sir Ian.⁴⁶ The paper, which drew heavily on the earlier strategic exercises of 1950 and 1951,⁴⁷ concluded that to exploit the most advanced technologies and save the cost of maintaining large standing conventional forces there should be greater reliance on nuclear weapons at both the

⁴³ The report on Defence Policy and Global Strategy remains classified but some of its contents are included in available documents. For a thorough published account see Bill Jackson and Dwin Bramall, The Chiefs: The Story of the United Kingdom Chiefs of Staff (London: Brassey's, 1992), chapter nine.

⁴⁴ Slessor quoted in Anthony F. Seldon, The Churchill Government of 1951-55: A Study of Personalities and Policy-Making (Unpublished PhD thesis, LSE, 1981), p. 613.

⁴⁵ The Chiefs of Staff were General Sir William Slim, Chief of the General Staff, Air Chief Marshal Sir John Slessor, Chief of the Air Staff, and Admiral Sir Rhoderick McGrigor, Chief of the Naval Staff.

⁴⁶ Seldon, The Churchill Government of 1951-55, p. 613.

⁴⁷ DEFE 6/20, DP (52) 17.

strategic and tactical levels.

However, strong emphasis on nuclear weapons posed a significant threat to the operational concept of the Royal Navy. The RAF was responsible for Britain's nuclear deterrent force of V-bombers and the Army's presence on the continent of Europe was essential both as a symbol of Britain's alliance commitment and as a contribution to conventional deterrence. The Royal Navy's role in a NATO-Warsaw Pact war would have been to protect the sea lanes and to enable the transatlantic reinforcement of Europe. Neither task would be necessary in a short, cataclysmic war, which would be won or lost with forces in being in Europe. Thus, to secure the First Sea Lord's support the concept of broken-backed warfare, where war would continue after the use of nuclear weapons, had to be incorporated.

The objectives of the defence programme outlined by the Chiefs were presented as defence priorities, but they actually required the full range of military capabilities. The objectives were: 1. protecting Britain's world-wide interest in the Cold War; 2. building up, with NATO, forces capable of deterring Soviet attack; and 3. preparing for the possibility of a hot war.⁴⁸ Assuming that deterrence could be maintained by nuclear forces, the Chiefs called for cuts only in tasks two and three, thereby placing cold war tasks at the top of MoD priorities. The report emphasized that war preparations 'should be primarily

⁴⁸ CAB 131/12 D.(52) 41, The Defence Programme: Report by the Chiefs of Staff, 29 September 1952.

directed to the requirements of the first few intense weeks, little provision being made for more long-term requirements.⁴⁹ On this basis the Chiefs concluded that the 1950 rearmament programme could be slowed to the point that the forces would reach a 'reasonably satisfactory' level of preparation by 1958.⁵⁰

By mandating a change in key assumptions about the length and intensity of likely conflict the Cabinet prodded the Service Chiefs into narrowing defence priorities. However, as government pressure to modify the rearmament programme increased so did the unity of the Chiefs of Staff in resisting this effort, foreshadowing inter-service relations of the 1970s. When Cabinet bargaining produced a proposal prolonging completion of rearmament until 1961, the Chiefs of Staff clearly stated their shared belief that this option was militarily unsound: 'the reductions in defence expenditure to the figures we were instructed to consider are unacceptable on military grounds, and involve the taking of risks which we cannot believe to be justified in the present state of international relations.'⁵¹

The central role of the services in the review process was a source of irritation to some ministers. Consequently, as efforts to narrow British defence priorities continued, ministers became more assertive with the Service Departments. In January 1953 the Cabinet

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Ibid.

Defence Policy Committee requested the Chiefs of Staff to submit further analyses of the effects of certain reductions in the defence programme. To make the hard decisions easier to take the Chiefs of Staff were told to 'provide the consequences, both strategic and economic, of adopting such a change of policy without in any way commenting on the advisability of such a course.'⁵²

The conceptual framework on which to conduct the review originated not with the services, but with the minister. With Churchill's support, Alexander outlined three categories of defence priorities in descending order. Category I forces were the minimum required to carry out essential peacetime Commonwealth commitments. Category II forces were those required for survival in the earliest phase of a war in Europe. Category III forces were for broken-backed warfare.⁵³ On the basis of these priorities the services were asked to cut £308 million from the total £1,830 million 1955-56 budget plans.

Among the Parliamentary Secretaries of State for the services there was scepticism that resources and commitments could be balanced 'by once more paring the size and cost of existing forces.' According to Secretary of State for War Sir Antony Head, (who subsequently became Minister of Defence), the MoD had

tried that for the last 3 1/2 years and it has not worked. All that has happened is that production votes have been cut by postponing

⁵² DEFE 4/59 C.O.S. (53) 11th meeting, 23 Jan 1953.

⁵³ Grove, Vanguard to Trident, p. 91.

expenditure to a later year and in other respects the services have tended to be cut beyond economical methods in matters of maintenance, works, etc.⁵⁴

Similarly, Nigel Birch, who had been Parliamentary Secretary of State for Air and a member of the Committee on Defence Policy, lacked confidence in the review process:

The truth is that the defence programme has been bursting from the seams ever since we got into power. There are a number of reasons for this. The Service Departments are never willing to give up any cherished plan until well after the twelfth hour. Their technique is to put off the evil day. They rely on the inefficiency of our manufacturers and ordnance factories and on the capacity for muddle and delay in their own Works Departments and take a gamble on not too many bills coming in during the current year. The whole art and process is euphemistically described as 'shortfall'.⁵⁵

In contrast, the services saw government pressure to define priorities as an obstacle to sound defence plans. This argument was put most clearly by Field Marshal Sir William Slim, Chief of the Imperial General Staff, to a July 1955 meeting of the Chiefs of Staff:

Lord Mountbatten said that priorities tended to destroy balance, and balance in our defence effort was essential against an enemy who had the initiative and could attack where he had been left weak through rigid conformity to our priority. A system of priorities, if applied absolutely, would soon make more problems than it solved. Balance was essential in order to obtain the best value for money.⁵⁶

The fundamental nature of the disagreement between

⁵⁴ DEFE 13/72 Personal Letter from the Secretary of State for War to the Minister of Defence, 7 July 1955.

⁵⁵ DEFE 13/72 Personal Letter to Selwyn Lloyd from Nigel Birch, 19 July 1955.

⁵⁶ DEFE 13/72 COS(55)60, Long Term Defence Programme, 22 July 1955.

ministers and the military may have been responsible in large part for the failure of successive defence reviews to achieve lasting results. Nevertheless, it was clearly understood by the mid-1950s that to achieve defence cuts the basic decisions had to be taken by ministers and imposed on the Service Chiefs.⁵⁷

ORGANISATIONAL CHANGE

Following the 1946 Ministry of Defence Act the Minister of Defence had the formal authority to direct British defence policy. The ministry had an 'overlord' status; with a small central staff it oversaw the Service Departments, each of whom had their own minister and maintained direct access to Cabinet. The Minister of Defence had great difficulty exercising his authority against entrenched service interests, leading to a power struggle between the MoD and Service Departments. The Minister of Defence and his staff wanted decisions to be based on a 'defence view' of Britain's military needs rather than on narrower 'service views'. However, this remained virtually impossible as long as the Chiefs of Staff remained united in the face of government pressure and produced consensus reports on defence priorities accommodating each service's individual interests.

Prime Minister Anthony Eden's 1955 attempt to eliminate the conflict by creating the position of Chairman

⁵⁷ Jackson and Bramall, The Chiefs, pp. 314-15.

of the Chief of Staff failed, prompting subsequent efforts to focus on the enhancement of ministerial authority.⁵⁸ As Minister of Defence between October 1954 and April 1955 Harold Macmillan understood the frustrations of that position. As Prime Minister, Macmillan enhanced the powers of the Minister of Defence by issuing a directive to the military outlining the minister's authority. The main point was that the minister was responsible for designing a new policy reducing total expenditure and manpower. In the future all service proposals on the shape, size and organization of the armed forces would normally be submitted to the Minister of Defence rather than directly to Cabinet or the Cabinet Defence Committee.⁵⁹ Macmillan also extended his personal support for his Defence Minister, Duncan Sandys, in the House of Commons.⁶⁰

Like previous reviews the Sandys white paper did not alter the pattern of Britain's defence commitments. Unlike previous reviews it sought to redefine how these commitments could be met. The government's primary foreign policy objective in the aftermath of the Suez Crisis was, in contrast to France, to repair its relationship with the

⁵⁸ Franklyn A. Johnson, Defence By Ministry: The British Ministry of Defence, 1944-1974 (London: Duckworth, 1980), p. 45; The Chiefs blocked the proposal to call the new position Chief Military Adviser to the Government. Jackson and Bramall, The Chiefs, p. 296.

⁵⁹ Cmnd 476, Central Organisation for Defence (July, 1958), para 11.

⁶⁰ Harold Macmillan, Hansard, Vol. 563 (24 Jan 1957), col. 396.

United States.⁶¹ The basic assumption was that allied cooperation, especially that of the United States, would be necessary in the event of future conflicts. Accordingly, 'Sandys was willing to abandon the concept of nationally balanced forces and seek collectively balanced forces which would facilitate cuts in expenditure.'⁶² The stated purpose of the 1957 review was to modify 'not merely the size but the whole character of the defence plan.'⁶³ The Sandys review thus represented a ministerial attempt to lay down the strategic guidelines for defence plans.

The need for change stemmed from recognisable transformations in the strategic and economic environment. The strategic transformation was the growth of atomic weapons stockpiles, and the development of thermonuclear weapons and missile technologies. The economic transformation was primarily the growing expense of stationing troops overseas. The effect on the balance of payments was serious. The BAOR alone cost £50 million in 1957-58, not including the £40 million German contribution.⁶⁴ Moreover, between 1959 and 1961 the German

⁶¹ Richard Rosecrance, Defense of the Realm: British Strategy in the Nuclear Epoch, (New York: Columbia University Press, 1968), pp. 235-6.

⁶² Wyn Rees, 'The 1957 Sandys White Paper: New Priorities in British Defence Policy?' Journal of Strategic Studies, Vol. 12, No. 2 (June 1989), pp. 225-6.

⁶³ Cmnd 124, Defence: Outline of Future Policy (April 1957), p. 1, para 3.

⁶⁴ Phillip Darby, British Defence Policy: East of Suez, 1947 to 1968 (London: Oxford University Press, 1973), p. 162.



Government did not plan to contribute more than £12 million annually.

Sandys' goal in responding to these transformations was 'to establish a broad framework within which long-term planning can proceed.'⁶⁵ Nonetheless, Sandys was not at liberty to change the defence programme in ways contradicting broader foreign policy objectives for which defence policy was a central pillar. Sandys openly affirmed that his review would not narrow Britain's commitments.⁶⁶ The close link between foreign and defence policy was evident in Sandys' definition of Britain's two primary defence responsibilities: First, to contribute to allied defence and second, to defend British overseas colonies and dependents.⁶⁷

Political and military considerations were closely intertwined and placed limits on Sandys ability to organise the armed forces to reflect his strategic priorities. Britain's responsibilities required that it maintain the capabilities to fight a global war, to intervene overseas, and to contribute (in conjunction with allies) to fighting a limited war overseas. Of these tasks, declared the white paper, 'the overriding consideration in all military planning must be to prevent war rather than to prepare for

⁶⁵ Cmnd 124, Outline of Future Policy, para 9.

⁶⁶ 'We are not contracting out of our obligations.' Duncan Sandys, Hansard, Vol. 568, (16 April 1957), col. 1769.

⁶⁷ Cmnd 124, Outline of Future Policy, para 8.

it.⁶⁸

To enhance deterrence Sandys advocated increased emphasis on nuclear weapons and scheduled the abolition of conscription for 1960. Increased reliance on nuclear weapons had been part of policy since 1952 but had not been implemented since it was only in 1956-57 that the necessary weapons began entering service. Britain's growing nuclear weapons potential was used to justify manpower reductions in all the services and in Britain's contribution to NATO in particular. The strength of the BAOR was reduced from 77,000 to 64,000 in the 12 months following the review and it was agreed that allied consultation would precede subsequent reductions thereafter. By 1958 Britain's NATO troop commitment had been reduced to 55,000. To compensate, the BAOR was reorganized to increase the number of combat units and to incorporate nuclear artillery. Likewise, the Second Tactical Air Force in Germany was halved, but according to the white paper, this reduction was 'offset by the fact that some of the squadrons will be provided with atomic bombs.'⁶⁹

The emphasis on nuclear weapons did not preclude reductions in the planned size of the V-force strategic bomber programme.⁷⁰ To hedge against the possibility that

⁶⁸ Cmnd 124, Outline of Future Policy, para 13.

⁶⁹ Cmnd 124, Outline of Future Policy, para 23.

⁷⁰ See Martin Navias, 'Strengthening the Deterrent? The British Medium Bomber Force Debate, 1955-56,' Journal of Strategic Studies Vol. 11, No. 2 (June 1988); and Rees, 'The 1957 Sandys White Paper,' p. 218.

a nuclear exchange would not be decisive, and to support Britain's limited war capability, naval forces were maintained to protect the sea lines of communication (SLOCS), though they were reduced from previous levels and their future was described as 'somewhat uncertain.'⁷¹ The key element of limited war capability was to be a mobile Strategic Reserve able to be deployed on short notice to world trouble spots. However, air transport proved troublesome because of the need to obtain overflight rights.⁷²

The conduct of the Sandys Review was significant. Sandys was the prime mover in the review, very much involved in all stages. Previous reviews had been under the direction of the Minister of Defence with the involvement of the Parliamentary Secretaries of State and input from other ministers, but had remained highly dependent on the services. The Chiefs of Staff had regularly presented their conclusions directly to the Cabinet Defence Committee accompanied by a memorandum from the Minister of Defence outlining his views. The 1957 White Paper was written by Sandys himself, making it the first truly 'ministerial review' of Britain's defences. In large part this was due to Macmillan's and Sandys' recognition that the services were incapable of providing the desired savings in defence. The review was thus a watershed in consolidating ministerial control over the

⁷¹ Cmnd 124, Outline of Future Policy, para 24.

⁷² Rosecrance, Defense of the Realm, pp. 198, 209, and 267.

military.

The subsequent decisions to emphasize nuclear weapons, abolish National Service, and cutback the British Army of the Rhine were the most radical since the war. Yet even these decisions proved inadequate to align commitments and resources. Focusing on equipment and force structure rather than reducing commitments precluded the establishment of an affordable long-term defence programme. Sandys overrode many service objections to cutting capabilities but did not attempt to overcome political support for Britain's prominent international role.

International and domestic political pressures defined the boundaries of what could be achieved. If top NATO officials had not intervened in 1959 Britain would have made further formal reductions in Britain's troop commitments (to 45,000). Due to this intervention the formal commitment of four divisions (a minimum of 55,000 troops) remained intact. However, on the basis of Article VI of the Protocol on Forces of Western European Union agreed in Paris in 1954 Britain could withdraw forces temporarily for uses elsewhere and as a result the BAOR was left two battalions short and with many of the remaining units under strength. In the event the Berlin Crisis of 1958 and the 1961 construction of the Berlin Wall made the planned reductions politically and militarily inappropriate.⁷³

⁷³ Darby, British Defence Policy, p. 162; F.W. Mulley The Politics of Western Defence (London: Thames and Hudson, 1962), p. 133.

The next major defence review took place within a transformed Ministry of Defence. In 1963 the Service Departments were formally subordinated to the Ministry of Defence thereafter headed by a Secretary of State for Defence. The Service Ministers were downgraded to Parliamentary Under Secretaries of State and the senior civil servants in the Service Departments, formerly Permanent Under Secretaries, became second Permanent Secretaries subordinate to the Permanent Under Secretary of the MoD. In 1970 they were further downgraded to the rank of Deputy Under Secretary. The Service Boards, through which the Service Chiefs exercised much of their influence, were more formally subordinated to the Secretary of State by making them subcommittees of a Defence Council. In theory the Defence Council delegated to the Service Boards only the day-to-day management of the services. In practice it proved too large and cumbersome to act as a decision-making body.⁷⁴ The hallmark of these changes, both facilitating and symbolising them, was the co-location of the services and central organs within the same building at Storey's Gate. With ministerial and central influence increasing, the services faced a starker choice than ever before. The Service Chiefs could attempt to resist and minimize defence cuts by standing together, or attempt to mitigate the effect of the cuts on their own service by criticising other service's programmes.

⁷⁴ It included the Secretary of State, Ministers of State, the Chief of Defence Staff, the Chiefs of Staff, the Chief Scientific Adviser and the Permanent Under Secretary.

COMPROMISE VERSUS DISUNITY

When Labour was elected in 1964 reductions in overseas commitments were not desired from a strategic perspective either by Secretary of State for Defence Denis Healey or Prime Minister Harold Wilson. Consequently, there were no obvious indications that the Service Chiefs faced stark planning choices. The Labour leadership's emphasis on East of Suez commitments reflected a vision of Britain's role as a great power, second only to the superpowers. The basis of this status was to be Britain's conventional forces and global presence, where history, recent experience with limited operations, and the political confidence of former dependencies gave Britain a unique role.⁷⁵ Fulfilling this role, according to the Labour Government, required diverting money from nuclear to conventional defences by abandoning the fifth Polaris submarine.⁷⁶ This cut was also a concession to the left-wing of the party, which favoured major reductions in defence.

Healey believed Britain's contribution to stability in the Middle and Far East was 'more useful to world peace than our contribution to NATO in Europe.'⁷⁷ Similarly, in

⁷⁵ Cmnd 2592, Defence Estimates 1965; see also Denis Healey, Hansard (3 March 1965), cols. 1337-9.

⁷⁶ P.C. Gordon Walker, 'The Labour Party's Defence and Foreign Policy,' Foreign Affairs Vol. 42, No. 3 (April 1964), pp. 393, 395-96.

⁷⁷ Denis Healey, The Time of My Life (London: Michael Joseph, 1989), p. 279; see also his comments in The Guardian (4 Jan 1964).

December 1964 Wilson announced that 'whatever we may do in the field of cost-effectiveness, value for money, and a stringent review of expenditure, we cannot afford to relinquish our world role -- our role which, for shorthand purposes is sometimes called our 'East of Suez' role.'⁷⁸ By 1965, however, economic pressures had brought Britain's ability to meet all of its commitments in doubt, raising the prospect of another defence review.

The defence review, when it did take place, was notable for its financial motivation and lack of strategic coherence, particularly given the government's interest in Britain's East of Suez role. In Cabinet, it was discussed primarily in terms of how much money could be saved, rather than what policy adjustments were necessary. Due to tension between its policy objectives, the government was initially reluctant to undertake the fundamental review which ultimately became necessary. As a result, the 'continuing review', as it became known, only addressed defence policy after many significant equipment decisions had already been taken. A more strategic approach, had there been fewer constraints, would have been to reconsider policy first then make the necessary adjustments in the programme. The rationale for the peculiar sequence to what ultimately became a fundamental defence review, implicit in the White

⁷⁸ Wilson, Hansard (16 Dec 1964), cols. 423-4; see Major General J.L. Moulton 'Middle East Base: An Exercise in Hindsight,' RUSI Journal (June 1970) for a collection of government declarations of the importance of Middle East outposts and on the question of the interdependence of sea, air and land power in maintaining overseas commitments.

Paper, was that Healey had first 'to clean up the mess left by his predecessor,' before he could develop his own policy.⁷⁹

During his first week as Chancellor James Callaghan learned that Treasury officials were concerned about existing plans for substantial defence budget increases. Indeed, they 'argued for a reappraisal of the whole of Britain's overseas strategic commitments.'⁸⁰ Subsequently Callaghan argued, with George Brown, Minister of Economic Affairs, that by reducing defence spending from over seven per cent of the GNP to six per cent by 1969-70 the strain placed on the economy by the inherited defence plans could be relaxed. The decision for a major defence review was taken by the Cabinet in November 1964.⁸¹ The agreed limit on defence spending was £2 billion by 1969-70, requiring savings of £400 million.⁸² According to Secretary of the Navy Christopher Mayhew, this figure was derived simply by projecting the 1964 defence spending level to 1969-70.⁸³

⁷⁹ Michael Carver, Tightrope Walking: British Defence Policy Since 1945 (London: Hutchinson, 1992), p. 75.

⁸⁰ James Callaghan, Time and Chance (London: Collins, 1987) p. 169.

⁸¹ Christopher Mayhew, Britain's Role Tomorrow, (London: Hutchinson, 1967), p. 131.

⁸² Sir Richard Clarke, Public Expenditure, Management and Control (London: Macmillan, 1978), p. 114; see also Cmd 2901. Statement on the Defence Estimates, 1966, part I, The Defence Review, p. 1, para 1.

⁸³ Mayhew believes that this figure was initially a provisional target but that it became an 'immovable ceiling' as the National Economic Plan for 1969-70 became more fixed. Mayhew, Britain's Role Tomorrow, pp. 133-4.

The decisions came in two stages, the first focusing on pruning weapons programmes, as had been done numerous times before. Decisions reached early in 1965 included cancelling the TSR-2 aircraft programme, the Anglo-French variable geometry aircraft, and cancelling the fifth Polaris submarine. Savings totalled £220 million. The second wave of reductions began in June 1965 when Cabinet was told that additional cuts, unlike the previous ones, would have to include reductions in capabilities reducing Britain's ability to perform certain commitments.⁸⁴ Preserving existing capabilities was straining the budget. The choices were reducing the size of the Army, sacrificing the RAF's long-range strike and reconnaissance role (to be fulfilled by F-111s purchased from the US following the TSR-2 cancellation), or abandoning plans to run a carrier force in the 1970s and 1980s.⁸⁵

Britain's allies worried about the implications of British defence cuts. The US emphatically did not want Britain to reduce its overseas capabilities and US Secretary of State Dean Rusk watched the defence review 'very closely and seriously.'⁸⁶ American concern stemmed from its lack of forces East of Suez and recognition that increasing them would require major restructuring of US

⁸⁴ David Greenwood, The Economics of 'The East of Suez Decision', ASIDES No. 2 (October 1973), p. 8.

⁸⁵ Ibid.

⁸⁶ Interview with Dean Rusk, 16 February 1990.

commitments.⁸⁷ Appealing to the US to support sterling during the financial crisis of 1965, Britain discovered one of the conditions for assistance was a pledge to maintain overseas defence commitments.⁸⁸ The overriding fear in the State Department was that the British contraction would continue:

US officials talked very firmly with the British, but with no effect due to the budgetary reasons [for the review]. A proposal was considered [within the State Department] to pick up the tab for the Royal Navy, but it didn't get very far.⁸⁹

Resistance to reducing commitments East of Suez, bolstered by allied concerns, prolonged the initial defence review process to February 1966, when Healey decided to eliminate the Navy's carrier programme.

However, to meet the new spending limit established in 1966 one brigade was withdrawn from the BAOR, and the character and size of the forces stationed in Malaysia and Singapore was altered.⁹⁰ But the balance of payments worsened and inadequate growth continued. In 1967 the government revised plans for defence spending to reach £2 billion by 1969-70 and set a new limit at £1.85 billion (also in 1964 prices). In addition, Cabinet asked the MoD to cut £75 million in overseas spending specifically to

⁸⁷ Callaghan, Time and Chance, p. 187.

⁸⁸ Clive Ponting, Breach of Promise (London: Hamish Hamilton, 1989), pp. 52-55.

⁸⁹ Interview with Dean Rusk, 16 Feb 1990.

⁹⁰ Cmnd 3357, Supplementary Statement on Defence Policy (July 1967).

help the balance of payments.⁹¹ The resulting programme was estimated to cost £1.9 billion by 1970-71. This represented a shortfall of £50 million against the target, which had been relaxed in early 1967 as a result of Callaghan and Wilson's confidence that there would be a balance of payments surplus in 1967 and 1968.⁹² Healey clearly believed there would be no further adjustments in defence spending as the white paper announcing the 1967 cuts declared the end of the three-year process of reviewing Britain's defences.⁹³

Nevertheless, due to rapid deterioration in the balance of payments culminating in the devaluation of sterling in November 1967 another review was necessary in 1968, by which time options for the piecemeal reduction of capabilities had been exhausted, forcing the government to cut commitments. Following devaluation Healey accelerated the withdrawal from East of Suez, virtually eliminated Britain's overseas intervention capabilities, and cancelled the RAF's order of F-111s.⁹⁴ The defence cuts were explicitly linked to overall economic factors by their announcement in the Government's Public Expenditure White

⁹¹ Greenwood, The Economics of 'East of Suez', p. 10.

⁹² Callaghan, Time and Chance, p. 210.

⁹³ Cmnd 3357, Supplementary Statement on Defence Policy, chapter VI, para 1.

⁹⁴ David Greenwood, 'The 1974 Defence Review in Perspective,' Survival Vol. 17, No. 5, (September/October 1975), p. 224.

Paper rather than the 1968 Defence White Paper.⁹⁵

INTER-SERVICE RIVALRY

Relations between the RAF and the Royal Navy had reached a nadir in the fierce competition for funds and, more importantly, the future of those services. There had been few savings to be made from cutting the Army, where manpower was the greatest expense and target manpower requirements were only met with difficulty. The cuts therefore had mainly to be distributed between the other two services, who attempted to mitigate the effects of the review on their own programme by arguing against each other's capabilities. The RAF argued that land-based air could provide all of Britain's air defence requirements, including the fleet. The Royal Navy argued that the case for carrier-based air power was overwhelming, and refused even to reduce the size of its proposed CVA-01 carrier. According to Admiral (now Lord) Hill-Norton, who became Chief of the Naval Staff in 1970, Healey divided and ruled, picking up the pieces once the arguments, and their proponents, were exhausted.⁹⁶

A new element in the review process stemmed from developments in the application of science to technical and operational problems. In the 1963 reorganisation the post

⁹⁵ Greenwood, East of Suez, p. 13; See Wilson, Hansard (16 Jan 1968) Vol. 756, cols. 1580-5.

⁹⁶ Interview with Lord Hill-Norton, 18 July 1991; See also Healey, Time and Chance, pp. 275-6.

of Chief Scientific Adviser had been created, primarily to scrutinize the cost-effectiveness of the defence programme. As the chairman of both the Defence Research Committee and the Weapons Development Committee the Chief Scientific Adviser was responsible for overseeing all basic research unrelated to specific weapons programmes, advising on which major weapons should be developed, comparing alternative weapons on the basis of cost and capability and relating them to defence and operational requirements.⁹⁷ As an alternative source of advice, with direct influence over defence plans in areas of vital interest to the services, the CSA posed a potential threat to the Service Chiefs.

In 1968, however, the CSA was not the main source of the scientific analysis of the review options. Other sources of scientific advice were the Defence Operational Analysis Establishment, formed in 1965 by consolidating the three operational research establishments under a civilian director responsible to the CSA, and the Programme Evaluation Group (PEG), set up by Healey in 1967 specifically to assist with his defence review. According to former Chief of Defence Staff Lord Cameron, who served on the PEG, its purpose was 'to give [Healey] independent advice on Services' proposals and to provide more reliable data on which to base his decisions.'⁹⁸ It reflected

⁹⁷ Sir Ewen Broadbent, The Military and Government: From Macmillan to Heseltine (London: Macmillan, 1988), p. 153.

⁹⁸ Lord Cameron, In the Midst of Things (London: Hodder and Stoughton, 1986), p. 147; See also Healey, Time of My Life, p. 269.

Healey's awareness, according to Cameron, that he needed 'an apparatus at the centre...strong enough and sufficiently well-informed to pester, cajole and browbeat the vested interests which are always ready to resist change.'⁹⁹

Healey's decision to abolish the carrier programme, however, could not have resulted in anything less than a fierce controversy over the Navy's role, which had been linked more directly to overseas than European commitments. Both the Minister for the Navy, (now Lord) Christopher Mayhew, and the First Sea Lord, Admiral Sir David Luce, resigned in protest.¹⁰⁰ The tensions between the Navy and RAF prompted Hill-Norton and Chief of the Air Staff Air Chief Marshal Sir John Grandy to sign the Hill-Norton/Grandy Concordat, which 'forbid anyone from mentioning the problem again and imposed draconian measures if they did.'¹⁰¹ By the time Hill-Norton became CDS in 1971 the rift was healing and the two services resumed their normal pattern of good working relations, but the collective attitude of the Chiefs had been transformed. Divided during a period of budgetary retrenchment, the Chiefs had to reassess inter-service relations for the next

⁹⁹ Lord Cameron, In the Midst of Things, p. 153.

¹⁰⁰ See W.S. Johnson, 'Defense Budgetary Constraints and the Fate of the Carrier in the Royal Navy,' Naval War College Review (June 1973); and Major General J.L. Moulton, 'The 1966 Defence White Paper and Debate,' Brassey's 1966 (London: Brassey's, 1966).

¹⁰¹ Interview with Admiral of the Fleet Lord Hill-Norton, 18 July 1991.

decade, during which they 'found themselves without a truly British strategy.'¹⁰²

Disagreements remained, especially over the RAF's responsibility for providing land-based air cover for the fleet operating near the home base. Some in the Navy remained concerned that in their moment of need the RAF's priorities might lay elsewhere and these concerns never entirely dissipated, but in some respects they were philosophical rather than operational difficulties and did not impede an improvement in working relations.

Above all, the rift between the Royal Navy and the RAF demonstrated the disadvantages of arguing out inter-service rifts before defence ministers. These rifts could be exploited -- not necessarily cynically but as a means of fully exposing alternative arguments -- to reveal vulnerable areas of the programme. The enhanced role of scientific analysis increased the likelihood that such vulnerabilities would be pursued. One attendant risk was that ministerial decisions taken in the wake of fierce inter-service disputes could fall heavily on one service, damaging its ability to perform its commitments. Even at the height of serious disputes about resource allocation the Services did not want to see whole areas of capability eliminated. The advantages to the services of remaining united had been demonstrated, on the whole, in the 1950s, when close cooperation during defence reviews hindered the imposition of radical cuts. Even a Prime Minister as

¹⁰² Jackson and Bramall, The Chiefs, p. 375.

strong-minded and as confident of his understanding of defence as Churchill did not overrule a united Chiefs of Staff Committee.

The Healey review was thus a turning point in relations between the Chiefs of Staff, encouraging compromise if that was necessary to keep the services united: 'It has never been necessary for the CDS to fudge it but there was a lot of arguing during Healey's time and the legacy has been a desire not to reveal difference between the Chiefs of Staff.'¹⁰³ The virtue of the Chiefs of Staff Committee was as a forum in which the most experienced soldiers, the professional heads of their services, could coordinate advice to the Secretary of State. They could express their views, drawing on the full expertise of their Service Department. In the event of a disagreement the matter could be put before ministers. However, in the wake of the Healey review the understandable interest in remaining united weakened one of the most valuable qualities of the Committee. Overcoming this difficulty required that the Chiefs of Staff establish a coherent and credible strategic view of priorities, yet the structure of the Committee virtually precluded such a view from emerging, especially during periods of budgetary retrenchment.

The Chief of Defence Staff's terms of reference made him the principal military adviser to the government and he

¹⁰³ Interview with Marshal of the RAF Sir Michael Beetham, 21 October 1991.

was primus inter pares with respect to the other Chiefs of Staff. Following the 1963 reorganisation of the ministry he gained the authority to submit an independent point of view, while remaining bound also to report the consensus views of the Chiefs of Staff and any dissenting views. However, there was a risk, acknowledged by senior military officers, that ministerial reliance on the CDS, inevitably someone with professional mastery of only one branch of the military, would result in decisions based on a narrower conception of strategic requirements than the Chiefs of Staff as a whole. On the other hand, presenting alternative views to ministers -- particularly if disagreements led to acrimony -- potentially made the services vulnerable to more radical cuts.

The experience of the Royal Navy and the RAF under Healey revealed the devastating effect that inter-service rivalry could have on the future of a service. However, in a decade of serious economic conditions, a proclivity to present compromise solutions to ministers seeking defence economies risked undermining the credibility of the Chiefs of Staff Committee and ultimately its influence within the MoD. The Chiefs of Staff Committee entered the 1970s facing a dilemma which threatened its effectiveness as the forum for developing defence plans.

CHAPTER THREE

Defence and National Priorities, 1974-1979

Throughout the 1970s ongoing economic weakness placed considerable pressure on public spending, intensifying debate over social priorities and precipitating a shift away from defence. In 1973 the Conservative Government of Edward Heath initiated a process intended to result in lower defence expenditure. The Labour Party, more committed to cutting defence, promptly accelerated this process following the election of a fragile Labour Government in February 1974. Secretary of State for Defence Roy Mason conducted a major defence review, in which the Chiefs of Staff played an important role. Preserving tri-service unity was difficult but made possible by the development of a common concept guiding overall size and shape: preservation of the 'minimal critical level' of capability necessary to meet existing political commitments.

Economic and domestic political pressures on the defence budget remained great and in the years following the review further cuts were imposed on the defence programme, in violation of the minimal critical level. By 1980 even three per cent annual increases in defence spending were insufficient to sustain defence plans, let alone the improvements planned by the incoming Conservative Government. Whereas in 1974 the Chiefs of Staff Committee remained central

to defence planning, in the years after the Mason review their salience declined. With the shift in overall priorities away from defence, so too the government began to rely more on the advice of central civilian and scientific staffs.

THE MASON REVIEW

For the most part the Heath Government accepted the Labour Government's reordering of Britain's defence priorities. Secretary of State for Defence Lord Carrington believed there was no question of setting the clock back on British defence policy, though he did undertake 'to restore Britain's security to the high place it must take among national priorities, and to make good as far as possible the damage of successive defence reviews.'¹ The resulting modifications in the programme were intended to preserve Britain's global influence, but at a reduced level commensurate with the primary importance placed on NATO.² Thus Carrington negotiated the Australia-New Zealand-UK Five Power Agreement on the defence of Malaysia and Singapore, renewed the 1955 Anglo-South African Agreement (the Simonstown

¹ Quote from Cmnd 4521, Supplementary Statement on Defence Policy, 1970 (October 1970), para 2; See also Lord Carrington, Reflect On Things Past (London: Collins, 1988), p. 218; Lord Carrington, 'British Defence Policy,' RUSI Journal (December 1970).

² Cmnd 4521, Defence Policy, 1970, para 4; Cmnd 5178, Public Expenditure to 1976-77 (December 1972), p. 20.

Agreement) governing maritime passage around the Cape of Good Hope, and decided to retain the aircraft carrier Ark Royal through the 1970s for out-of-area flexibility. The government also reversed the 1964 embargo on arms sales to South Africa.³ Finally, in April 1973 a decision was made to purchase a mini-aircraft carrier which the Chief of the Naval Staff, Admiral Hill-Norton, had renamed a 'through deck cruiser.'⁴

Carrington believed that after a period of turmoil he should attempt to provide stability.⁵ However, he also thought that 'in terms of getting value for money role specialization within the Alliance could go further' and that there should be more movement toward a NATO defended on the Central Front by Germany and in the East Atlantic by the Royal Navy.⁶

Government interest in preserving Britain's global role could not offset the country's economic weakness and associated pressures on the defence budget. Despite Lord Carrington's predilection for a strong Navy, in May 1973 he deferred the purchase of twenty-five maritime Harrier aircraft, thereby saving £60 million. The plan was to

³ See Cmnd 4521, Defence Policy, 1970, and Michael Chichester and John Wilkinson. The Uncertain Ally: British Defence Policy, 1960-1990 (Aldershot: Gower, 1982), p.36.

⁴ Interview with Admiral of the Fleet Lord Hill-Norton, 18 July 1991.

⁵ Carrington, Reflect on Things Past, pp. 227-28.

⁶ Carrington, Reflect on Things Past, p. 229.

reinstate the purchase following the fall 1973 public expenditure survey.⁷ However, by the time the survey was conducted the oil crisis brought about as a result of the Arab-Israeli War had gathered momentum and complicated recovery of the purchase. There were strong strategic and political incentives for purchasing the Harriers. According to the Navy Minister, then Antony Buck, 'At one stage it looked as if we wouldn't go for a maritime Harrier, but I believed that carriers needed an indigenous air power -- VSTOL -- so I sent a note to Cabinet saying that I would resign on principle if the purchase was not made.'⁸ Ultimately, the programme was recovered (in 1974) but only after the overall consequences of the oil crisis -- larger budget deficits, larger balance of payments deficits and increased foreign borrowing -- had prompted the Treasury to impose an additional £178 million cut in 1974-75 defence expenditure.⁹

Pressures to conduct another fundamental defence review had begun to peak in summer 1973 when Chancellor Anthony Barber demanded reductions in defence from 5.5 per cent to 4.5 per cent of the Gross Domestic Product within four years. Carrington resisted the imposition of such extensive short-

⁷ Chichester and Wilkinson, The Uncertain Ally, p. 41.

⁸ Interview with Sir Antony Buck, 14 January 1992.

⁹ 'Memorandum by the Ministry of Defence: The £178 M and £50 M Defence Cuts in 1974/75,' in the Fifth Report from the Expenditure Committee, 1974, Defence Cuts (HC 308), 24 July 1974, p. 1.

term cuts and with Heath's support he prevailed in the argument, 'but only on the undertaking that an interdepartmental working group would be established from officials of the Ministry of Defence, the Treasury, Foreign and Commonwealth Office, the Central Policy Review Staff and the Cabinet Office.'¹⁰ The Chief of Defence Staff did not object to establishing a working party, which he 'didn't think was going to make any difference one way or another.'¹¹

The interdepartmental structure of the committee increased the likelihood of compromise with the Treasury. The presence of representatives from departments other than the Treasury and the Ministry of Defence diminished the impact of Treasury demands to lower spending. The Defence Studies Working Party included (as they were then) Arthur Hockaday, Deputy Under Secretary (Policy), as chairman, Leo Pliatzky, Second Permanent Under Secretary at the Treasury, who acted as alternate chairman, Admiral Anthony Morton, Assistant Chief of Defence (Policy), as the principal military member, John Thompson, First Secretary at the Foreign Office Central Policy Review Staff, James Cable, Head of the Foreign Office Planning Staff, Alan Urwick, Assistant Secretary at the Cabinet Office, Central Policy Review Staff, and John Roberts from the Cabinet Office. The principal civilian *assistant* was John Mayne; on the

¹⁰ Interview A.

¹¹ Interview with Admiral of the Fleet Lord Hill-Norton, 18 July 1991.

military side Air Commodore Peter Harding. The main financial work on the review was done by Defence Secretariat 22, which handled security policy studies and was headed by John Mayne, but Defence Secretariat 1 was also brought in.¹²

A defence review was thus initiated under the Conservative Government but never publicly announced. The DSWP spent the first few months preparing and discussing papers on the longer-term programme. In January 1974 Ian Gilmour, who succeeded Carrington, put in hand a study of overseas commitments. However, in February Heath called a snap election which the Conservatives lost. Labour was able to muster enough support from the Liberal Party to form a government under Harold Wilson and shortly after taking office it publicly announced that it had 'initiated a review of current defence commitments and capabilities against the resources that, given the economic prospects of the country, we can afford to devote to defence.'¹³ The announcement did not refer to the previous arrangements but in practice it continued them:

The Labour Government took office with a commitment to reduce the percentage of GDP going to defence expenditure. The achievement of this reduced percentage was now written into the terms of reference of the defence review. The assumption to be made about future GDP therefore became critical.¹⁴

¹² Interview A.

¹³ Roy Mason, Hansard (21 March 1974), col. 154.

¹⁴ Interview with Sir Leo Pliatzky, 26 November 1991.

The Labour Government's desired goal was to reduce the defence budget to four percent of GDP. In framing the terms of reference for the DPWP, however, 'a series of percentages of GDP were given for study.'¹⁵

Secretary of State for Defence Roy Mason came from the right wing of the Labour Party and did not favour deep reductions in defence. The economic situation, however, was one of serious weakness. In early 1974 there were no signs of improvement over the £1.5 billion balance of payments deficit of the year before. In January the deficit was £300 million, and by March had grown to £371 million. Moreover, the trade deficit during the first quarter of 1974 totalled £1.2 billion and by May the three-day week, which had been declared by the Heath Government to conserve national power supplies, had caused losses of £1 billion in the manufacturing sector alone.¹⁶ To help cope with these pressures the government cut £50 million from 1974-75 defence spending, less than a week after formally initiating the review.¹⁷

The Conservative Government's defence cuts and the initial Labour cut significantly affected the review's conduct. Most of the combined £300 million (1973 prices) cuts focused on buildings, equipment and supplies. The Expenditure

¹⁵ Interview B.

¹⁶ Roy Mason, Hansard (13 May 1974), col. 910.

¹⁷ Denis Healey, Hansard (26 March 1974), col. 302.

Committee investigating their effect criticised the way they were imposed, declaring the short-term cancellation or deferral of programmes and projects to be 'expensive and disruptive.' The committee rejected the practice of asking the MoD to make short-term savings of a predetermined amount, since this was inevitably arbitrary in as much as it had no bearing on strategic requirements or defence priorities. The basic conclusion was that

further major defence cuts cannot sensibly be made without some reduction in the roles, major equipment, activities or commitments of the armed forces, and that if short-term defence cuts have to be made for economic reasons, consideration should be given to concentrating them in limited areas rather than spreading them widely.¹⁸

Mason took these criticisms seriously and subsequently conducted a cautious review in which the Chiefs of Staff played an important role.

The Labour Party's 1974 election manifesto stated that a main defence goal was to 'progressively reduce the burden of Britain's defence spending to bring our costs into line with those carried by our main European allies.'¹⁹ Actually, British defence spending was lower than that of France and Germany in absolute figures and on a per capita basis.²⁰ The

¹⁸ HC 308, Defence Cuts, p. xi, para 9.

¹⁹ Labour Party, 'Let Us Work Together,' in The Times Guide to the House of Commons, 1974 (London: Times Newspapers, 1974), p. 311.

²⁰ On a per capita basis the major NATO countries spent the following: US \$152; Germany \$81; France \$76; and the UK \$63. Peter Walker, Hansard (16 Dec 1974), col. 1166.

same was not true of Britain's defence spending as a percentage of Gross National Product; only by this measure did Britain spend more on defence than the other main European NATO countries.²¹ More precisely, therefore, Labour's electoral pledge meant reducing the proportion of Britain's GDP devoted to defence to a level commensurate with that of other European NATO countries.²² This pledge, to which several Cabinet members were strongly committed, including the Secretary of State for Employment, Michael Foot, and Social Services Secretary Barbara Castle, gave rise to the decision to reduce defence spending from 5.5 per cent to 4 per cent of the GDP.²³

The government's rationale for defence reductions was clear: economic weakness dictated the transfer of resources from defence to other sectors of the economy. The decision signalled an important shift in British foreign policy. Mason was the first Secretary of State for Defence prepared to weaken the link between foreign and defence policy, mainly because detente reduced the likelihood of a Soviet invasion of

²¹ Until 1977 NATO calculations looked at GNP rather than GDP. They indicated that defence spending as a percentage of GNP broke down as follows: UK 5.8 per cent GNP; Germany 4.1 per cent (4.9 per cent including Berlin Aid); France 3.8 per cent; NATO European average 4.1 per cent. Second Report from the Expenditure Committee, 1974-75, The Defence Review Proposals (HC 259), 6 March 1975, p. 22, para 2.

²² Roy Mason, Hansard (21 March 1974), cols. 153-4.

²³ Barbara Castle, The Castle Diaries (London: Weidenfield and Nicholson, 1980), p. 596.

West Europe and because the prevailing balance of forces made it likely that any invasion, were it to come, would fail.²⁴

According to Mason, foreign policy

has become, in relation to our economic resources, far too great a determinant of defence policy, and this increasingly unrealistic balance in defence objectives has progressively distorted our defence efforts and programmes.²⁵

As a result, the nature of Britain's contribution to the alliance could be redefined. De-emphasising political aspects of British defence capabilities, the government argued that restoring Britain's economic health would strengthen NATO and that the MoD therefore had to play its part in the economic recovery.

Mason's main goal was to avoid short-term cuts which would degrade operational capability. To avoid such cuts he decided the review should cover the defence programme for the ten years leading up to 1983-84. This was not a popular decision among the Labour Left who wanted large cuts immediately. However, conducting a long-term review had the added advantage of enabling the simultaneous restructuring of front line forces, support services, manpower, and the equipment budget. Nor did economic assumptions underlying the review suggest that large short-term cuts would be necessary.

The Treasury's Medium Term Assessment was not yet

²⁴ See Cmnd 5976, Statement on the Defence Estimates, 1975, pp. 26-38.

²⁵ Roy Mason, 'Britain's Security Interests,' Survival (September/October 1975), p. 217.

prepared when the review got underway in earnest but,

in the immediate aftermath of the oil crisis and the three-day week the prevailing economic advice in the Treasury was that, though there would be no growth at all for one year, over the medium term the trend growth rate of something like 3 per cent would be achieved.²⁶

Although this growth rate did not materialize it was one of the more cautious estimates. At a meeting of Permanent Under Secretaries chaired by Sir John Hunt, Secretary to the Cabinet, shortly after the DSWP had made its recommendations, the Central Policy Review Staff were forecasting growth of six per cent.²⁷

Most importantly for Mason's arguments in Cabinet, large short-term defence cuts would have severe consequences, notably in the North of England and Scotland where naval shipyards were located. Due to the recession merchant shipbuilding was declining and shipbuilders were increasingly dependent on orders from the MoD. The government, especially those members most interested in defence cuts, was committed to maintaining employment. This conflict gave Mason the political room to manoeuvre that he required to conduct a thorough review considering a range of options.

The review began with the definition of four alternative force structures, each corresponding to a given percentage of

²⁶ Leo Pliatzky, Getting and Spending (London: Basil Blackwell, 1982), p. 123.

²⁷ Interview with Sir Leo Pliatzky, 26 November 1991.

the defence budget.²⁸ In the first stage, the Service Departments studied the implications of reductions to the levels of GDP quoted. 'This produced long lists of pain and grief, which were put together and considered by the Defence Studies Working Party.'²⁹ As a basis for a sensible new defence posture this process was flawed and to provide a means of integrating economic and strategic considerations in a coherent fashion the concept of a 'critical level of capability' was floated in the DSWP. The proposed guidelines of the review were the need to provide the forces to meet direct threats to the UK treaty obligations, medical commitments overseas and Labour's policy in white papers when last in office. Although the concept of the critical level of forces appears to have emerged within the working party, it required the approval of the Chiefs of Staff, who maintained the sole authority to approve strategic concepts.³⁰ Once the DSWP and the Chiefs of Staff had both agreed the concept work on the review could proceed.

The Chief of the Defence Staff, Field Marshal Lord Carver, thus played a particularly important role in the review. Both his formal and personal authority were necessary to preserve unity among the Chiefs of Staff. The proposals

²⁸ Lord Carver, Out of Step: The Memoirs of Field Marshal Lord Carver (London: Hutchinson, 1989), pp. 439-40.

²⁹ Interview B.

³⁰ Lord Carver, however, suggests that the concept originated with the Chiefs of Staff. Carver, Out of Step, p. 448.

expected by the government had to reflect the reduced importance of defence in overall government priorities. Due to the sensitivity of the services to such a cuts exercise and the vital importance of preserving inter-service unity Carver is rumoured to have banned the phrase 'resource allocation' from the Chiefs of Staff Committee because it was too emotive. The services were concerned that the critical force level concept would weaken their resistance to financial pressure from the Treasury which could be expected to insist on reductions to the critical level. However the Service Chiefs had little alternative but to accept the concept if the review exercise was to be credible.

The Chiefs of Staff Committee could only disagree among themselves if they had military arguments with credibility otherwise they would be pushed down, The Chiefs of Staff could hang together or hang separately. They knew they had a government which wanted a credible policy and one that could be sustained.³¹

In the tense bureaucratic atmosphere any comprehensive report on resource allocation prepared by the Defence Operational Analysis Establishment was bound to arouse controversy. Among the conclusions of the study which arrived in London while the review was underway were that investment in anti-tank weapons paid off much better than expensive supersonic aircraft. The services saw early drafts of the report which had been submitted to the Operational Requirements Committee. As a result, they tried to influence

³¹ Interview B.

the drafting of the final copy, insisting that if any changes were made to the draft text that all of the report had to be submitted to the Service Departments as well. The services had already fought and lost a similar bureaucratic battle with the DOAE in the early 1970s. At that time the Director of DOAE, with the support of the Chief Scientific Adviser Sir Hermann Bondi, had established that the professional standard of DOAE analyses was to be determined by the Director and not by service approval.

The services were thus acutely aware of the pressures they faced from different quarters, and of the history of previous defence reviews. 'The Chiefs under Carver's forthright leadership would not tolerate another Treasury dominated and resource-led review, and they insisted that reduction of commitments and revision of strategy should be undertaken first.'³² However, a representative from the Treasury Defence and Material Division sat on the Operational Requirements Committee and was therefore on the DOAE's circulation list. Such reports proved invaluable to the Treasury in its probe for detailed justifications of every military capability.

The Chiefs of Staff took several weeks to agree on the terms of reference for the review. Whether this constituted a delay or a proper stage in the defence review depended on

³² Bill Jackson and Dwin Bramall, The Chiefs: The Story of the United Kingdom Chiefs of Staff (London: Brassey's, 1992), p. 378.

one's position in the ministry. Civil servants, accustomed to producing reports quickly and effectively, were inclined to regard the Mason review as a demonstration of the weaknesses of existing methods for determining defence priorities. The service staffs were inclined to regard the review as yet another example of the government asking them to perform a wide range of commitments with a narrowing range of capabilities. In response to the Treasury's demand for cuts, 'the Chiefs retaliated, first, with an agreed statement of priorities; and then, based on it, an assessment of the "critical level of forces" to meet them.'³³

The consensus which ultimately emerged over the critical level of forces was 'the level below which the resultant reduction in our contribution to NATO would call into question our support of the alliance, and thus put at risk the cohesion of the alliance itself.'³⁴ The key strategic priority guiding the review was preserving front line capabilities, the 'teeth' of the armed forces, as much as possible.³⁵ According to the Vice-Chief of the General Staff, the

³³ Michael Carver, Tightrope Walking: British Defence Policy Since 1945 (London: Hutchinson, 1992), p. 106.

³⁴ Carver, Out of Step, p. 448.

³⁵ To ensure that front-line capabilities were preserved as much as possible any reduction in the teeth had to be balanced by at least an equivalent reduction in the support infrastructure, or 'tail'. The size of cuts in support functions were thus determined by the size of cuts in front line forces. Sir Michael Cary, 'Britain's Armed Forces After the Defence Cuts,' RUSI Journal (March 1976), p. 2.

guidelines for determining Army force levels were threefold:

firstly, the defence of the UK depends on NATO, in support of which there is a minimum level of forces below which the alliance solidarity would be at risk;

secondly, this level of forces plus those required to maintain the defence of the remaining colonies and dependent territories, such as Hong Kong and Gibraltar, represent the Critical level; and thirdly, the worsening balance of "teeth-to-tail" must be changed to improve cost-effectiveness.³⁶

Within the MoD the principal work on the defence review was done by the central Defence Policy Staff which set up four study groups, one each on budgets, NATO, out-of-area, disarmament and civil service and operational requirements. 'Each military policy director had a team of colonels^{under} them who in turn had a team of commanders working on the problems.'³⁷

The numerous reports submitted to the working party by the Defence Policy Staff and appearances by the service vice chiefs and other senior officers explained the proposed force levels. In this way the interdepartmental structure of the committee strengthened the MoD's position vis-a-vis the Treasury.

The Treasury naturally had the inquisitorial role, to which Pliatzky, their representative, brought both persistence and forensic skill. His approach was quantitative: pressing the Service Representatives to quantify the threat; to explain why the existing force levels were needed to deter or contain the threat and how they would do it; and why or how a reduction would jeopardise the objective. These were questions to which Service

³⁶ Sir William Scotter, 'The British Army Today,' RUSI Journal (January 1976), p. 17.

³⁷ Interview B.

representatives, who had to rely on assumptions and who believed existing levels to be inadequate, found it hard to give clear-cut and convincing answers. Attempts to counter this line of questioning by asking Pliatzky to be equally specific about the economic benefits he expected defence cuts to bring drew strong objection from him.³⁸

Giving NATO commitments overriding priority among the main pillars of British defence was the most effective way of securing Treasury approval for the resulting force levels. According to Pliatzky, 'my problem was reconciling my acceptance of defence commitments with the need to reduce defence expenditure. Focusing on NATO and the minimum capability seemed like the best way to do this. We couldn't say we were staying in the alliance and then not provide the minimum critical capability.'³⁹ Likewise, the Chiefs of Staff had in mind, when assessing priorities, the approximate target of 'achieving a reduction to 4 1/2 per cent of GNP within ten years on the Treasury assumption of an average increase in GNP of 3 per cent per annum.'⁴⁰

The decisions taken most confidently were those reducing Britain's global capabilities. The second Wilson Government reaffirmed the decisions taken by the first Wilson Government in 1968 about withdrawal from British commitments East of Suez. This reaffirmation led to the conclusion that

³⁸ Interview D.

³⁹ Interview with Sir Leo Pliatzky, 26 November 1991.

⁴⁰ Carver, Tightrope Walking, p. 106.

'substantial reductions in our forces and defence facilities can be made.'⁴¹ The Working Party took the government at its word that no deployments larger than a brigade would be required outside of the NATO area. Consequently, planned cuts included cutting British forces in Hong Kong and asking the Hong Kong government to pay for a higher percentage of their cost after the expiration of the existing cost-sharing agreement in 1976. Forces stationed in Malaysia and Singapore as part of the Five-Power arrangements were to be withdrawn, except for 'a small group which we will continue to contribute to the integrated air defence system.'⁴² The battalion of Gurkhas in Brunei would also be withdrawn.

Commitments along the route to the Far East would be cut[#]back, namely Gan and Mauritius. To maintain a residual presence in the Indian Ocean, which was of increasing interest to the US due to a growing Soviet naval presence there, there would be 'a modest expansion' of military facilities on Diego Garcia. The expansion would be undertaken jointly with the US, which also had access to the facilities.⁴³ No changes were planned in the arrangements for maintaining British forces in the Sultanate of Oman, but plans were underway to terminate the Simonstown agreement with South Africa. In the Mediterranean, the forces on Cyprus would be reduced,

⁴¹ Roy Mason, Hansard (3 Dec 1974), col. 1353.

⁴² Roy Mason, Hansard (3 Dec 1974), col. 1354.

⁴³ Roy Mason, Hansard (3 Dec 1974), col. 1354.

including Vulcan Strike aircraft assigned to CENTO, as well as Lightning and Hercules aircraft, some of which would be replaced by smaller detachments.⁴⁴ Military facilities on Malta would be maintained, but only until the 1979 expiration of the 1972 basing agreement.

Once established, the budget figures for the critical force levels were matched against the government's desire for a reduction of approximately £3,750 million over the ten-year period covered by the review. It was recognised early on that some 'addbacks' would be necessary because Britain would have political difficulty in withdrawing from some of these commitments. Ultimately, however, the Treasury insisted on some cuts being made in the Central Region as well. Complete withdrawal from non-NATO commitments would have saved a total of only £150 million.⁴⁵ It emerged from this analysis that the MoD 'had to try to save about £100 million out of the £150 million a year that our non-NATO commitment costs us.'⁴⁶

In deciding how to cut the NATO contribution British strategic interests were considered as a whole. The basic decision was that 'Britain's forces had to be concentrated on those areas in which a British contribution to collective defence would be most effective in ensuring Britain's security

⁴⁴ 'Memorandum by the Ministry of Defence,' in HC 259, Defence Review Proposals, p.24, para 12.

⁴⁵ 'Memorandum by the MoD,' in HC 259, Defence Review Proposals, p. 23, para 7.

⁴⁶ Roy Mason, Hansard (3 Dec 1974), col. 1363.

and that of her NATO allies.⁴⁷ The conclusions naturally had to be sensitive to NATO's needs, both military and political. The Chiefs of Staff, however, successfully resisted Treasury pressure to establish a hierarchy of priorities. Equal priority was assigned to the nuclear deterrent, UK defences (undefined), and the maritime and land contribution to NATO.⁴⁸

When forced to look at priorities within NATO, the Chiefs of Staff determined that the least important contribution was on the flanks, especially the Southern Flank.⁴⁹ According to Carver, Britain's Mediterranean commitments were acquired in 1968, when the Chiefs of Staff had been casting about for a role for the forces being withdrawn from East of Suez. The availability of the forces and the capability to transport them fortuitously coincided with the Soviet invasion of Czechoslovakia and Healey was able to offer reinforcements in the Mediterranean as part of the NATO response. But by 1974 the Chiefs of Staff believed the strategic importance of these troops had declined.⁵⁰ For this reason it was proposed that Britain no longer include a naval presence in the

⁴⁷ Cmnd 5976, Statement on the Defence Estimates, 1975 (March 1975), p. 7, para 17.

⁴⁸ Carver, Tightrope Walking, p. 106; Roy Mason, Hansard (3 Dec 1974), cols. 1352-3.

⁴⁹ 'Memorandum by the MoD,' in HC 259, Defence Review Proposals, p. 24, para 13.

⁵⁰ Carver, Out of Step, p. 446.

Mediterranean among its NATO force declarations though British ships would continue to visit there and to take part in NATO exercises.

In addition, the government proposed reductions of approximately one-third in the size of the specialist reinforcement forces declared to NATO.⁵¹ Amphibious forces were to be reduced essentially to one commando group trained in arctic warfare for the reinforcement of Norway, the UK Joint Airborne Task Force's commitment to drop two parachute battalions would be abandoned, and the UK Mobile Force would be reduced from three air portable brigades to one, with an improved level of support equipment.⁵²

As reinforcements, these forces were not subject to Britain's formal treaty commitment to maintain 55,000 troops on the continent, nor would they be included in the Mutual Balanced Force Reduction talks then underway in Vienna. Britain could not therefore be accused of damaging these negotiations by encouraging the Soviet Union to wait for the western powers to disarm themselves unilaterally. These factors played an important role in the identification of these forces as Britain's least significant contribution to NATO. The withdrawal had the additional appeal of offering considerable savings since specialist reinforcements required

⁵¹ Roy Mason, Hansard (16 Dec 1974), col. 1154.

⁵² 'Memorandum by the MoD,' in HC 259, Defence Review Proposals, pp. 25-6.

sophisticated equipment and substantial transport capabilities. These reductions, coupled with diminished overseas responsibilities, enabled the air transport fleet to be cut by fifty per cent.⁵³

On the day the Chiefs of Staff considered the working party's recommendations they were joined by the Permanent Under Secretary, Sir Michael Cary. The critical level came out £100 million above the 4 per cent target the government wanted to reach. However, 'the problem was much more difficult than taking out £100 million up front; you must have a large wedge at the end.'⁵⁴ The additional cut would have had a cascading effect on long-range plans. In the end this argument proved irrefutable. But to the extent that the Chiefs could 'derive some satisfaction from having held the overall reduction in resources to about 4 per cent spread over ten years, and from having kept Britain's contribution to NATO virtually unscathed,' the review contributed to the belief within the Treasury Defence and Material Division that more could have been cut from the defence programme.⁵⁵ This disparity in outlook had two consequences. The Treasury was unwilling to make exceptions for the MoD when further economic pressures subsequently led the Chancellor to argue for across-the-board budget cuts, and the Chiefs of Staff were again

⁵³ Roy Mason, Hansard (16 Dec 1974), col. 1157.

⁵⁴ Interview B.

⁵⁵ Quote from Jackson and Bramall, The Chiefs, p. 380.

viewed, with increasing suspicion, as obstacles to defence budget savings.

Among the services the Royal Navy emerged from the review with the least damage to its programme. Cuts in out-of-area capabilities had reduced the RAF's Transport Fleet by half. Cuts in the Army fell mainly on support and command infrastructure, over which the Army had taken the initiative.⁵⁶ The Army also suffered a reduction in the strategic reserve but no infantry units were disbanded because of the demands of policing Northern Ireland.

The Navy had been partly protected by the fact that it had a major re-equipment programme underway and much of it was heavily committed to production. There would have been considerable penalties for cutting back on ongoing ship construction projects, particularly as the recession meant that shipbuilders were starved of orders and such cuts would result in the loss of jobs. The Navy thus benefitted from the Labour Government's reluctance to create unemployment among skilled and unskilled labour. Nine frigate construction projects were removed from Naval plans but these were far enough forward in the programme to do little short-term damage to the Navy's operational capabilities. Moreover, cuts in planned expenditure insulated much of the rest of the naval programme from further cuts.

Other cuts in the Navy programme included the decisions

⁵⁶ Scotter, 'The British Army Today,' p. 17.

to keep only one amphibious assault ship, Intrepid or Fearless, operational at a given time, as already mentioned, and a reduction in personnel. The bulk of the equipment programme was preserved. The Mason review thus represented a success for the Royal Navy, which had effectively recovered from the cuts of the late 1960s when its future role appeared uncertain. Indeed, the Royal Navy's share of the defence budget increased from 25 to 28 per cent.⁵⁷ During Treasury questioning on the DSWP

Royal Navy spokesmen were at a disadvantage because the Royal Navy had no convincing naval strategy. At that time it was reinforcement which was weak due to the time it would take for them to arrive. By the time convoys would have been launched the central front would have collapsed.⁵⁸

Quality staff work and a high degree of coordination between uniformed and civilian naval staffs, and the economic arguments against cuts in shipbuilding, enabled the Navy to fend off ongoing pressures for cuts despite the continued weaknesses in its operational concept. The Navy's success was later acknowledged by Secretary of State for Defence John Nott, who believed 'The Navy was in those days in my view much the most professional at playing the Ministry of Defence

⁵⁷ For a detailed description of Royal Navy force improvements see Cmnd 5976, Statement on the Defence Estimates, 1975, pp. 41-43; percentage figures from Grove, Vanguard to Trident: British Naval Policy Since World War Two (Annapolis: US Naval Institute Press, 1987), p. 322.

⁵⁸ Interview with Sir James Cable, 3 December 1992.

game.⁵⁹

An important element of this game meant securing NATO support for service programmes. Ministers approved and were therefore politically committed to NATO Force Declarations. Each December they submitted their Force Declarations for the following year. Any change had to be defended in NATO councils. The process was bureaucratic and politically difficult for the government concerned and particularly the Defence Minister. First, cuts had to be explained to the Defence Review Committee, composed of the member countries' defence counsellors and chaired by the Assistant Secretary General for Defence Planning and Policy. In 1977-78 this post was held by a British official, Colin Humphrey. Military consultations took place within the Military Committee, composed of NATO's international military staff. The Defence Review Committee reported to the Defence Planning Committee which regularly met in Ambassadorial sessions including all NATO Ambassadors except the French. Finally, Ministers imposing cuts had to defend their decisions in a ministerial session of the Defence Planning Committee, which had the full authority of the North Atlantic Council.⁶⁰

⁵⁹ Interview With Sir John Nott, 19 November 1991.

⁶⁰ Interview with Colin Humphrey, 13 June 1991.; see also Thomas Kennedy, Jr., NATO Politico-Military Consultation, National Security Affairs Monograph Series 84-3, (Washington: National Defense University Press, 1984); Sir Clive Rose, 'Political Consultation in the Alliance' NATO Review Vol. 31, No. 1 (April 1983); Roger Hill, Political Consultation in NATO Wellesley Papers 6/1978, (Toronto: Canadian Institute of

The NATO allies were very concerned about the effect of the Mason review on NATO security. As a major preoccupation of the British Government was to avoid disrupting alliance cohesion by moving too quickly in reducing its NATO contribution it initiated thorough consultation with the alliance.⁶¹ The consultations took place on the basis that the need for cuts was not negotiable, but that discussions could focus on where they were made.⁶² The first consultations began on 3 December 1974 with presentations by Field Marshal Carver and Sir Arthur Hockaday to the NATO Military Committee and NATO Defence Planning Committee.⁶³ These were followed up with ministerial sessions in Brussels the following week. The allies were given a total of eight weeks to consider the proposals.⁶⁴ NATO countries did make suggestions, and were especially concerned about the cuts in Britain's presence in the Mediterranean.⁶⁵ Britain had been the only European Community power to maintain a significant naval presence there. The British response was to agree to reassess the decision to withdraw forces intended to reinforce the Southern Flank, but only on the basis that alternative

International Affairs, 1978).

⁶¹ Roy Mason, Hansard (16 Dec 1974), col. 1149.

⁶² Cary, 'Britain's Armed Forces After the Cuts,' p. 5

⁶³ Interview with Colin Humphrey, 13 June 1991.

⁶⁴ Roy Mason, Hansard (16 Dec 1974), cols. 1162-3.

⁶⁵ Cary, 'Britain's Armed Forces After the Cuts,' p. 5.

options would not cost anything.⁶⁶ In the end the Royal Navy benefitted from the agreed adjustments, the most important of which were accelerating the conversion of the mini-carrier Hermes to the ASW role, participation in Naval on-Call Force Mediterranean and the earmarking of Engadine, a Royal Fleet Auxiliary-manned helicopter ship, for NATO's Channel Command.

The government's decision to avoid short-term cuts meant that actual 1974-75 defence spending rose from the previous year. However, interruptions in production resulting from the energy shortages and industrial action raised doubts about whether the money could possibly be spent and uncertainty held final decisions in abeyance until the full effect of this slippage could be assessed.⁶⁷ The knock-on effect of slippage in spending was greater than the underspending which characterized recent normal years: in 1970-71 there was a £10 million underspend; in 1971-72 there was an overspend of £80 million; and in 1972-73 there was an underspend of £8 million (all in constant prices).⁶⁸ Early estimates of the anticipated underspend indicated that additional cutbacks in 1974-75 spending could be made without affecting the amount of money actually spent.

A basic obstacle in implementing the review as planned was the assumption of three per cent annual growth. Previous

⁶⁶ Scotter, 'The British Army Today,' p. 19.

⁶⁷ HC 308, Defence Cuts, p. 1, para 5.

⁶⁸ HC 308, Defence Cuts, Qs. 25-27.

growth rates had been subject to substantial fluctuations and recent overall increases had not reached three per cent.⁶⁹ If the three per cent growth were not sustained, on average, over the ten years covered by the review, then spending in the mid-1980s would be higher than the planned 4.5 per cent.⁷⁰ Alternatively, there could be more short-term cuts. In the event three per cent growth failed to materialize because of slippage in industrial productivity. The sterling crisis of 1976 also created pressures for across-the-board budget cuts. Some in the Treasury, particularly the Chief Secretary, Joel Barnett, had not been satisfied by the cuts imposed in the Mason review and thus had no interest in exempting the Ministry of Defence from subsequent budget cuts. As a result, a series of short-term defence cuts was imposed in the years leading up to 1979.

THE STERLING CRISIS

The 1974 review was described by the government as the 'most extensive and thorough review of our system of defence ever undertaken by a British Government in peacetime.'⁷¹ By implication the government believed another review would not be necessary, at least in the short term. Narrowing Britain's

⁶⁹ HC 259, Defence Review Proposals, p. viii, para 6.

⁷⁰ HC 259, Defence Review Proposals, p. 37, Q. 44.

⁷¹ Roy Mason, Hansard (3 Dec 1974), col. 1351.

defence commitments may have enabled savings of about £4,700 million in the ten years leading up to 1983-84,⁷² but in the years following the review the defence budget continued to be cut, despite the objections of Mason and the Chiefs of Staff. The basic reason for continued cuts was that successive economic crises had fundamentally shifted government priorities away from defence.⁷³

The financial pressures which gave rise to the 1974 defence review continued after it had been completed. In the 1974 budget the Chancellor, Denis Healey, chose not to eliminate immediately the trade deficit caused by rapid rises in oil prices. In not do^{ing} so he was following the advice of the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD) who warned that eliminating the deficit too quickly would exacerbate western recession. Instead, Britain, along with Italy, maintained its spending. The unintended effect was to worsen Britain's balance of payments and, consequently, to weaken the pound.⁷⁴ The economic situation was not improved by trade union success in achieving a 1975 wage increase of thirty per cent. Economic weakness was generating downward pressure on sterling relative to other currencies. In addition to the negative

⁷² Ibid.

⁷³ David Greenwood, 'Why Fewer Resources for Defence?-- Economics, Priorities and Threats,' Royal Air Forces Quarterly Vol. 14, No. 4 (Winter 1974), p. 274.

⁷⁴ Denis Healey, The Time of My Life, p. 393.

effects on sterling's status as a reserve currency the poor exchange rate increased the cost of overseas commitments, especially the BAOR.

Renewed Treasury pressure on defence, as on the rest of the budget, began in 1975. In July defence equipment programmes were cut by an additional £110 million.⁷⁵ By November 1975 the Treasury was asking the MoD to cut defence spending by £500 million as part of a £3.75 billion across-the-board spending cut.⁷⁶ The Cabinet was narrowly divided over the decision to approve an across-the-board cut. Tony Crosland, Secretary of State for the Environment, and other left-leaning members insisted that the cuts should be distributed on the basis of social priorities. Mason, supported by Foreign Secretary James Callaghan, argued that further defence cuts would undermine Britain's contribution to NATO and result in thousands of job losses.⁷⁷

Mason forthrightly defended the outcome of his defence review. In a speech to the service staff colleges in Camberley, Surrey, he described his achievements in the following way:

I managed to release resources over the next 10 years to help improve our balance of payments and economic growth. I did so in the main by switching the direction of British defence strategy from a worldwide role and back to concentrating on our

⁷⁵ W.F.K.Thompson, Daily Telegraph (11 July 1975).

⁷⁶ M.Rutherford, Financial Times (26 Nov 1975).

⁷⁷ Ibid.

essential security interests in NATO.⁷⁸

In private Mason reportedly informed Barnett that an additional cut of even £250 million would undermine the defence programme.⁷⁹ He was, however, unable to prevent a cut of £534 million in the three years from 1976-77. The basis of Mason's assessment of defence needs remained the concept of the 'critical level of forces,' which had been defined by the Chiefs of Staff.

Having established the critical level of forces in 1974 it was extremely difficult for the services to carry out the additional cut of £534 million so soon after the review. Short-term savings came from reductions in training, fuel allocations, ammunition usage and the purchase of spare parts. Longer term cuts were the result of 'salami-slicing' tactics: cutting support costs, maintenance, prolonging equipment production runs and generally devoting less money to lower priority programmes. The Quartermaster-General, William Jackson, recalls 'slowing activity and trimming lower-priority expenditure, but ensuring that no major project was cancelled because, once dropped from the Costings, a project cannot be reinstated.'⁸⁰ There was no way to prevent such cuts from

⁷⁸ Mason quoted in W.F.K.Thompson, Daily Telegraph (28 Nov 1975).

⁷⁹ M.Rutherford, Financial Times (26 Nov 1975).

⁸⁰ William Jackson, Britain's Defence Dilemma: An Inside View (London: B.T. Batsford Ltd., 1990), p. 140.

having a cumulative effect on front-line forces.⁸¹

The financial pressures which prompted these cuts continued and even worsened in 1976. Britain suffered another serious economic shock with the collapse in the price of sterling and the depletion of Bank of England foreign currency reserves defending sterling in the exchange markets. As a result Britain had to borrow a £3.5 billion 'standby credit' from other OECD countries and ultimately to borrow from the International Monetary Fund.

The implications were dramatic for Britain's international economic and political commitments. In the wake of the IMF loan agreement sterling dropped five cents and Callaghan appeared on the BBC documentary Panorama to discuss the financial crisis. He requested assistance from other countries to ease the burden of Britain's reserve currency role:

I should very much like to see us get into a situation where these liabilities on ourselves which we have taken as a reserve currency were taken over in some form or other. Germany, America and perhaps Japan has some responsibility there.⁸²

According to Callaghan if the IMF required tight preconditions for the loan other countries and the IMF would have to 'accept the political consequences.'⁸³ Germany's large reserve

⁸¹ Lawrence Freedman, 'Britain's Defence Policy' in Edwin H. Fedder, (ed), Defence Policies of the Atlantic Alliance (New York: Praeger Publishers, 1980), p. 57.

⁸² Callaghan quoted in C.Seton, Times (26 Oct 1990).

⁸³ Ibid.

holdings (between \$35 to \$40 billion) and the presence of the British Army on the Rhine prompted Callaghan to say that he did not want to choose between solving Britain's short-term economic crisis and preserving Britain's contribution to NATO:

If we are to be equal partners in trying to keep the political stability of central Europe then there is something which can be done.⁸⁴

Between 1964 and 1971 the Federal Republic of Germany had repeatedly extended financial aid to Britain in order to offset the foreign exchange cost of the BAOR.⁸⁵ However, the West German Government gradually became more reluctant to continue these agreements. Following the October 1976 expiry of the agreement signed in 1971 the British Government had great difficulty securing Chancellor Helmut Schmidt's consent to negotiate a new one and Callaghan's statements linking the BAOR to Britain's balance of payments must be seen in that context.

The basic obstacle to renewed negotiations over a new offset agreement was different German and British views on Britain's continental commitment. The British argued that because the BAOR was a major contribution to the alliance the

⁸⁴ Ibid.

⁸⁵ For the texts of these agreements see: Treaty Series No. 58, Cmnd 2490 (1964); Treaty Series No.63, Cmnd 2731 (1965); Treaty Series No.52, Cmnd 3293 (1967); Treaty Series No.65, Cmnd 1968); Treaty Series No.116, Cmnd 4199 (1969); Treaty Series No.108, Cmnd 4550 (1970); Treaty Series No.41, Cmnd 4690 (1971). See also Lawrence Freedman, 'Britain's Contribution to NATO,' International Affairs Vol. 54, No. 1 (January 1978).

foreign exchange costs of maintaining it were separate from Britain's overall balance of payments difficulties. The German Government recognised the BAOR as a contribution to NATO but believed Britain maintained it in her own interest. Underlying German reluctance was concern that an ongoing subsidy of the BAOR, as with US troops, was a hangover from the days of allied occupation. The British decision to maintain the BAOR was considered by Germany to be a feature of foreign and defence policy that other governments were not obligated to sustain. The issue could not, therefore, be separated from Britain's overall balance of payments difficulties. As a close ally Germany was already helping to ease these difficulties by supporting the British Government's application to the International Monetary Fund and by providing a £200 million annual subsidy of the 'green pound.'⁸⁶

Callaghan ultimately secured Schmidt's agreement to open negotiations for further financial assistance by explicitly accepting that it would be the final such agreement. Following the Anglo-German Summit of January 1977 Callaghan declared that such agreements could not 'continue in perpetuity in their present form.'⁸⁷ This concession was included in precise terms in the first paragraph of the new agreement:

⁸⁶ D.Shears, Daily Telegraph (14 Oct 1976).

⁸⁷ R.Dale, Financial Times (25 Jan 1977).

In view of the close relations which now exist between the Federal Republic of Germany and the United Kingdom as partners in the European Communities and of the longstanding ties in the North Atlantic Alliance, bilateral offset arrangements shall be terminated after the expiry of the present Agreement.⁸⁸

The agreement, which obligated the FRG to pay DM475 million toward BAOR construction projects, expired on 31 March 1980.

According to the 1977 Defence Estimates, the short-term defence cuts in planned expenditure between 1977-78 and 1978-79 following the 1975 review reflected 'solely the national economic outlook.'⁸⁹ However, competition between defence and social spending contributed to political pressure to carry out Labour's 1974 manifesto pledge to reduce spending to a level commensurate with that of the European NATO allies. Consequently the Labour Government was pressured to impose additional defence cuts not only by the Treasury but also by the left wing of the Labour party.

DEFENCE AND PARTY POLICY

Throughout 1976 the Labour Government had resisted pressure from the left to reduce defence spending by as much as £1 billion by 1980. In May the Defence Expenditure Study

⁸⁸ Cmnd 6970, Exchange of Notes for Offsetting the Foreign Exchange Expenditure on British Forces in the Federal Republic of Germany (October 1977), p. 6.

⁸⁹ Cmnd 6735, Statement on the Defence Estimates, 1977 (February 1977), para 107.

Group, a subcommittee of Labour's International Committee chaired by Labour MP Ian Mikardo, proposed £1 billion defence cuts before the National Executive Committee. Their purpose was to fulfil Labour's 1974 Manifesto pledge to reduce defence spending. The Study Group outlined three alternative ways of achieving the desired level of spending:

1. paying off large surface ships and reducing new ship construction, including ASW cruisers;
2. cutting forces in Europe, including an almost 50 per cent reduction in the BAOR by 25,000 to 30,000.
3. cutting back on the RAF role by reducing the range of tactical air missions and eliminating the Tornado Multi-Role Combat Aircraft (MRCA).⁹⁰

One proposal included in each alternative was running down the Polaris nuclear deterrent system.

Roy Mason remained the principal opponent of further defence cuts, supported by his junior ministers, including John Gilbert. Mason wrote Ron Hayward, General Secretary of the Labour Party, arguing that cutting defence by £1 billion would 'place at risk the whole security of Europe.' His letter outlined the negative effects each of the three alternatives would have on western security:

[If the cuts focused on the Navy,] the supply lines for Britain's food and raw materials would be at the mercy of the Russian submarine fleet. The shipbuilding industry would be gravely hit and nearly 25,000 jobs put in jeopardy...[if the cuts focused on the Army arms control would be undermined because] the Soviet Union would know that it would only have to wait for other NATO

⁹⁰ M. Adeney, Guardian (12 May 1976); See also The Labour Party Defence Study Group, Sense About Defence in Mary Kaldor, Dan Smith and Steve Vines, (eds), Democratic Socialism and the Cost of Defence (London: Croom Helm, 1979).

nations to follow Britain's example...[and if the cuts focused on the RAF,] effective air defence of the United Kingdom would have to be abandoned.⁹¹

Despite Mason's intervention the policy paper was approved during a special session of the National Executive Committee, at which no ministers were present. Moreover, the Committee decided to submit the proposal to the Labour Party conference in October.⁹²

The Committee's decisions prompted several MPs to resign from the study group. One who resigned, Labour MP Alan Lee Williams, publicly distanced himself from the Group's chairman and produced papers revealing that he disagreed with the report's conclusions and had made his objections clear in writing. The nature of his objections supported Mason's claim that the proposed cuts would have serious effects on British defence. Williams concluded that: cutting the Navy would be catastrophic for Swan Hunter and would hurt Vickers, Yarrows and Vosper Thornycroft, abandoning the Multi-Role Combat Aircraft (MRCA) would hurt the newly nationalized aerospace industry and render the RAF unable to 'operate effectively in bad weather and at night,' abandoning Polaris would leave the French the only nuclear power in Europe, and reducing the BAOR could disturb the balance of power in Europe.⁹³

⁹¹ Quoted in M.Adeney, Guardian (14 May 1976).

⁹² K.Harpek, Guardian (20 May 1976).

⁹³ At its peak the MRCA (Tornado) would directly employ 24,000 people and indirectly employ an additional 12,000. D.Fairhall, Guardian (21 May 1976).

Nevertheless, the government proved unable to resist the combined pressure from the Labour left and the Treasury for further defence cuts. The 1976-77 budget was cut by an additional £90 million and following Roy Mason's succession by Fred Mulley £150 million was cut from 1977-78 and £220 million from 1978-79.⁹⁴ The cumulative total of cuts imposed on the 1977-78 defence budget alone equalled £953 million.⁹⁵ This figure fell just short of the £1 billion cut demanded by the left wing of the Labour Party at the 1976 Party Conference. Even before the largest of these post-review cuts was announced the Sub-Committee on Defence and External Affairs concluded that 'the force reductions resulting from the defence review may over-stretch the services in the fulfilment of their remaining commitments, and may leave an inadequate margin for dealing with unforeseen tasks.'⁹⁶

Several significant events helped pull the armed forces through these lean years. Domestically, their standing was enhanced by their performance of essential duties during the nation-wide firemen's strike between November 1977 and January

⁹⁴ Joel Barnett, Inside The Treasury (London: Deutsch, 1982), pp. 103 and 105. According to the Defence Committee in 1985, once adjusted the cuts in July 1976 totalled £100 million and those in December 1976 totalled £330 million. See Third Report from the Defence Committee, 1984-85, Defence Commitments and Resources and the Defence Estimates, 1985-86 (HC 37-i), 23 May 1985, para 50.

⁹⁵ H.Stanhope, Times (16 Dec 1976).

⁹⁶ Second Report from the Expenditure Committee, 1975-76, Defence (HC 155), 24 Jan 1976, p. lix, para 142.

1978. The number of military personnel involved peaked at 20,000 and the total number of incidents attended during the strike was 39,612.⁹⁷ The government thus acquired an important political debt. The Chiefs of Staff subsequently insisted with Secretary of State for Defence Fred Mulley, that the government could not offer a pay settlement to the firemen without increasing the pay of the armed forces by the amount recommended by the Armed Forces Pay Review Body.⁹⁸ The Armed Forces Pay Review Body had been established in 1970 to provide an impartial mechanism for ensuring pay comparability between the armed services and the civilian sector. The government agreed to implement the recommendations, however, it was only willing to do so in stages.

In the latter part of the Labour Government's tenure of office, its attitude to defence spending softened, partly because of the useful role of the forces in keeping public services going during industrial disputes, and partly because of the importance of defence contracts in providing employment. It was against this background that the commitment to a 3 per cent a year real increase was accepted.⁹⁹

This three per cent pledge became a key spending commitment accepted by the leadership of both parties.

Internationally, the government was under considerable pressure from NATO to keep defence spending up and it was in

⁹⁷ Cmnd 7099, Statement on the Defence Estimates, 1978, p. 23 para 229.

⁹⁸ Jackson, Britain's Defence Dilemma, p. 142.

⁹⁹ Interview with Sir Leo Pliatzky, 26 November 1991.

this context that the government ultimately agreed to increase defence spending. By 1977 the cumulative effect of defence cuts had weakened all British defences, including the BAOR. The BAOR was 'well short' of the 55,000 troops Britain was expected to maintain.¹⁰⁰ This shortage was not the result of defence cuts alone. Ongoing violence in Northern Ireland led to the growing involvement of British troops. By October of 1976 14,500 troops were deployed in the province.¹⁰¹

The political repercussions of the shortfall in Britain's contribution to the continent were serious. In December 1976 NATO defence ministers had pledged to increase defence spending and raise national force contributions to the alliance.¹⁰² However, not only did British defence spending not increase, it decreased. In a September 1977 letter to Secretary of State for Defence Fred Mulley NATO Secretary General Joseph Luns criticised the defence cuts following the 1974 review. The allies calculated that UK defence cuts between 1975 and 1977 amounted to 'more than one-sixth of the expenditure which was planned before the United Kingdom Defence Review.' Luns wrote that 'while part of these reductions was related to non-NATO commitments, this part was relatively small.' As a result, he believed that 'the present

¹⁰⁰ Tenth Report from the Expenditure Committee, 1977-78, British Forces Germany (HC 563-II), p. xxiii, para 38.

¹⁰¹ J.Wightman, Daily Telegraph (29 Oct 1976).

¹⁰² Defence Planning Committee, Final Communiqué 8 December 1976, para 17. See NATO Review (February 1977).

reduction cannot but be detrimental to the effectiveness of the United Kingdom's forces.' Moreover, it was 'particularly disturbing' that the additional cuts came at a time of increasing awareness of enhanced Warsaw Pact capabilities. It was 'a disappointment' to NATO that the British Government felt obliged to make cuts at that time.¹⁰³ Luns also expressed hope that some of the anticipated bonanza of North Sea oil reserves would enable Britain to augment its defence budget.

The government defended the defence cuts by expressing satisfaction that Britain's defence effort remained high compared to that of other European NATO allies. The British response demonstrated the political nature of the debate. It highlighted political rather than strategic aspects of the NATO contribution. According to John Bourn, Assistant Under-Secretary of State (Programmes and Budget):

The Government has been concerned about the letter that Dr Luns sent and, while recognising the points that he made on his side, have drawn attention to the fact that the UK's contribution to the forces of the Alliance still remains at a very high and substantial level, the UK being the only European member of the Alliance making a major contribution in all the fields of the Alliance effort, and the UK's percentage of gross domestic product devoted to defence being the highest among the European

¹⁰³ Letter from Dr Joseph Luns to Mr. Fred Mulley reproduced in NATO Defence Planning Committee, Proposed Reduction of United Kingdom Defence Expenditure for 1978/79 Press Release (77) 13, (16 Sept 1977).

members.¹⁰⁴

Highlighting Britain's continued political commitment to NATO, while legitimate, did not address the basic concern that cuts in capability were taking place at a time of increased Soviet threat; nor that the cuts followed an alliance agreement to strengthen its military capability.

Much of the British debate over the NATO contribution focused on its political and highly symbolic aspects, as in other NATO countries. For instance, the percentage of GNP spent on defence, the balanced nature of British forces, and the professionalism of Britain's all-volunteer armed services were emphasised by the government. These features of British defence should not be underestimated. However, the alliance had unanimously agreed that expansion and improvement of Warsaw Pact forces required improvements in specific alliance capabilities. In 1978, as Britain's economic prospects appeared to be improving further pledges were made as part of the alliance's Long-Term Defence Programme (LTDP).

The three per cent pledge came to be seen as a critical element of British defence policy. It not only helped to ensure that the armed forces could be adequately paid, and that Britain's NATO commitment would be fully adhered to, but it also acquired a symbolic importance. The fact that it was made by a Labour Government, particularly one which had

¹⁰⁴ J.B. Bourn in Defence and External Affairs Sub-Committee, 1977-78, Minutes of Evidence, 8 November 1977, (HC 24-i), p. 12, Q. 59.

repeatedly undertaken to cut defence spending in recent years, suggested a renewed British commitment to alliance objectives and to defence generally. Certainly this pledge marked the end of current attempts to reduce the proportion of Britain's GNP devoted to defence to a level commensurate with that of the other major European powers. It thus constituted a change in basic defence policy. Yet the government's commitment to three per cent annual defence increases clearly linked defence policy to economic objectives and this link proved crucial.

Naturally, it was assumed that any incoming Conservative government would be at least equally committed to three percent increases as the Callaghan Government. The Conservative Party strongly supported British force improvements; one of Margaret Thatcher's early objectives as leader of the Conservative Party was promoting the cause of defence, which she considered the first duty of government.¹⁰⁵ Thatcher had implicitly accepted the 1975 defence review but persistently criticized subsequent cuts.¹⁰⁶ When it became evident by 1977 that cumulative defence cuts were damaging Britain's defences the Conservatives were already strong advocates of major

¹⁰⁵ See Julian Critchley, 'The Conservative Party and Defence,' NATO Review (June 1976), p. 25; see also Thatcher's speech on defence at Kensington Town Hall, London, January 1976.

¹⁰⁶ Critchley, 'The Conservative Party and Defence,' p. 24; see also Thatcher interview with Robin Day, Panorama, BBC1, (February 1976).

improvements in defence. According to Sir Frank Cooper, Permanent Under Secretary at the MoD, 'defence was at a very low ebb in 1977-78 in particular and in 1979 there was a high expectation that defence would do a great deal better because of statements made by the incoming Tory Government.'¹⁰⁷

The Conservative Government elected in 1979 had a clear commitment to increase the strength and pay of the security services and the incoming Secretary of State for Defence, Francis Pym, placed a high priority on this pledge. Low Service pay relative to comparable jobs in the civilian sector had been a major reason why defence was at a low ebb in the late 1970s, when the services experienced a large drop in recruitment and an increase in the numbers of personnel taking premature retirement. One of the Conservative Government's first actions was to implement in full the advice of the Armed Forces Pay Review Body, which meant granting the Armed Forces a 'catch-up' pay rise of 32 per cent.¹⁰⁸ Restoration of comparability with the civilian sector staunched the outflow of valuable personnel, trained at great expense, and confirmed the Conservative Government's strong interest in robust defences.¹⁰⁹

Existing defence plans continued to be based on the

¹⁰⁷ Interview with Sir Frank Cooper, 24 April 1991.

¹⁰⁸ The increase cost £111.5 million in fiscal year 1979 alone. John Biffen, Hansard (12 June 1979), col. 186.

¹⁰⁹ Interview with Alistair Jaffray, 14 June 1991.

expectation of three per cent annual growth, and while there had been no specific commitment to three per cent defence increases in the Conservative Manifesto few doubted that they would be forthcoming. Ultimately, however, the absence of a detailed electoral commitment proved significant. It both provided the government with flexibility in meeting its commitment to strengthen defences and gave the Treasury greater opportunity to assert economic imperatives. When economic pressures built up in the early 1980s the Conservative Government still had recourse to a major defence review.

CHAPTER FOUR

Conventional Defence Priorities 1975-1980

Following the Mason review the armed forces struggled to maintain their still wide range of defence capabilities. The 1970s witnessed major growth in all Soviet military capabilities. By the late 1970s they were widely seen to pose an increased threat not only to the Central Region of Europe, but also to the Third World, as demonstrated by the Soviet invasion of Afghanistan in 1979. The difficulty of implementing the defence cuts of the late 1970s reflected military concerns about the changing strategic environment, as well as the elevated status of the armed forces following their role in providing essential services during the nationwide fireman's strike of 1978-79. Internationally, just as in Britain itself, strategic debates could not be viewed in isolation from their political context. Increasingly, as economic pressure on the defence budget persisted, Britain placed more influence on collective security through NATO. Britain did not, however, specialise on high priority NATO roles for which it was particularly suited. Rather it maintained a wide range of capabilities, just as it had done previously in service of a more strictly national strategy.

HOME DEFENCE

Despite the importance of home defence both in itself and in the context of NATO strategy it was long neglected in British defence.¹ With international politics and domestic economic problems imposing conflicting constraints on the defence plans of a state whose security depended, above all, on alliance, it was not surprising that the vital task of home defence received a lower priority than spending on tasks abroad which had higher political profiles. However, until the late 1970s home defence was neglected primarily due to the nature of assumptions about a future war. After 1957 the prevailing assumption was that hostilities in Europe (the only likely scenario for an attack on the UK) would rapidly escalate to nuclear war and that any direct attack on the British homeland would therefore be nuclear. With little chance that Britain could defend against a strategic nuclear attack there was little reason to try.² As a result, 'Fighter Command was decimated. All RAF resources had been

¹ For a thorough analysis of home defence see Michael Dewar, Defence of the Nation (London: Arms & Armour Press, 1989).

² Cmnd 7826-I, Statement on the Defence Estimates, 1980, (April 1980), p. 34, para 341; On the origins of this decision see Martin S. Navias, Nuclear Weapons and British Strategic Planning, 1955-1958 (Oxford: Clarendon Press, 1991), esp. pp 125-30, 172-7; See also Cmnd 124, Defence: Outline of Future Policy, (April 1957), para 12.

placed in Strategic Command.'³

The intellectual basis of Sandy's assumption that air defence of the UK was not viable had begun to erode with NATO's adoption of the policy of flexible response. According to Sir Michael Beetham, who became Chief of the Air Staff in 1977, 'These things take a long time to turn around. It was only in the 1970s that flexible response became NATO strategy and that air defence could play a greater role.'⁴ Air defence had a vital role to play in flexible response, which emphasised the need to deter Soviet attack at all levels. There was thus a strategic basis for enhancing Britain's Fighter Command. According to Beetham

When I took over we were recovering from massive cuts and the Sandys review of 1957 in which fighters were given only a policing role....What we were trying to do in the RAF, and were largely successful, was to develop a size and shape placing more emphasis on fighters. Control of the air is absolutely vital to air defence.⁵

Air defence of the UK is the responsibility of RAF Strike Command. Due to Britain's importance as a forward staging area RAF Strike Command reports to the Supreme Allied Commander Europe (SACEUR). Responsibility for the UK Air Defence Region is thus a NATO command, though the senior

³ Interview with Marshal of the RAF Sir Michael Beetham, 21 October 1991.

⁴ Interview with Marshal of the RAF Sir Michael Beetham, 21 October 1991.

⁵ Interview with Marshal of the RAF Sir Michael Beetham, 21 October 1991.

Strike Command post is reserved for a British officer. In the late 1970s Britain's air defence system consisted of three elements. A system of ground radars and Shackleton Airborne Early Warning (AEW) aircraft detected aircraft penetrating the Air Defence Region. Nimrod Maritime Patrol Aircraft surveyed the coastal regions and maritime areas. Information from the detection system relayed through a network of voice and data links to airfields in strategic locations. Second, Phantom and Lightning aircraft intercepted aircraft violating the Air Defence Region. Finally, Bloodhound and Rapier surface-to-air missiles provided a second line of defence.⁶

For financial reasons, the new strategic logic for increasing air defence was not immediately incorporated into British plans. However, once the re-equipment of the Soviet Air Force in the 1970s increased Britain's vulnerability to air attack the government accepted Air Staff arguments that defence of the UK home base should cease to be adjunct to NATO defence of the Central Region and become a top priority. Conceivable scenarios for attack against the UK home base included a conventional air attack on Britain without prior hostilities along the central front. The goal of such an attack would have been to disrupt supplies and lines of communication and thereby weaken alliance resolve. Bypassing

⁶ G.Lee and J.Meacham, 'A Survey of the RAF' The Economist (17 Dec 1977); Cmnd 6735, Statement on the Defence Estimates, 1977, (February 1977), paras 220-227; Cmnd 7826-I, Statement on the Defence Estimates, 1980, paras 337-343.

the 'tripwire' forces in Germany would have placed the burden of nuclear escalation on NATO. The possibility of conventional air attack therefore threatened not only to devastate Britain but to weaken conventional deterrence. In responding to this threat the British Government reversed the home defence policy outlined in the Sandys White Paper.

The first official acknowledgement of an increased Soviet threat to the UK home base came in 1977. According to the 1977 Defence Estimates the re-equipment of Soviet air forces was noteworthy for two reasons:

The weapon loads of these aircraft are double those of their predecessors and their greater operating range enables the TAF [Tactical Air Force] to reach targets much deeper into NATO territory than hitherto, including parts of the United Kingdom.⁷

The weapons systems of concern to the government were Soviet Fencer and Backfire bombers. The Fencer's range enabled it to reach the UK flying directly from East Germany. The low state of Britain's existing air defences made penetration likely. The Backfire bomber was even more threatening. Its long range would enable it to attack the UK by flying North of Scotland and approaching from the West. Existing air defences were not designed to meet this threat.⁸

In response, British air defences were augmented in

⁷ Cmnd 6735, Statement on the Defence Estimates, 1977, para 122.

⁸ Second Report from the Defence Committee, 1979-80, Statement on the Defence Estimates, 1980 (HC 571), 23 April 1980, p. viii, para 12; M.Rutherford, Financial Times (1 July 1977).

several ways. Key steps included the planned acquisition of Tornado aircraft in the mid-1980s for the interception role, and 11 Nimrod aircraft in 1982 for Airborne Early Warning. In the meantime, Phantom FGR2s were transferred to the air defence role.⁹ The AIM 9L Sidewinder short-range air-to-air missile was purchased to complement the Sky Flash medium range air-to-air missile. These were deployed on Phantoms in the first instance and transferred to Tornados once those entered service.¹⁰ The Labour Government also hardened airfields and other military installations, replaced all voice links with data links and, importantly, expanded air defence radars to cover the southwest approaches to the Air Defence Region.¹¹ In addition, surface-to-air launch sites were increased. In 1978 four East Coast sites were capable of launching Bloodhound missiles. The government planned to add three more using missiles withdrawn from RAF Germany, and two more low-level air-defence squadrons capable of firing Rapier surface-to-air missiles.¹² Plans for major improvements to all three layers of UK air defence thus preceded the General Election of 1979.

⁹ Cmnd 6735, Statement on the Defence Estimates, 1977, para 221.

¹⁰ Expenditure Committee, Part of the Minutes of Evidence, 1977-78, 8 November 1977 (HC 24-i), p. 14, Q. 65.

¹¹ Lee and Meacham, 'A Survey of the RAF,' p. 8.

¹² 'U.K. Air Defense Expanding, But Still More Wanted,' International Defense Review (Aug 1978); See also James Wellbeloved, Hansard (3 April 1978), col. 43.

The incoming Conservative Government shared Labour's concern about air defence and shortly after the election requested that the Air Staff suggest additional improvements.¹³ Support for continued improvements was strong on both sides of the House of Commons and on several occasions the Under-Secretary of State for Defence for the RAF declared that 'improvements to our air defences are very high on the list of priorities.'¹⁴ Three options for closing the gap in air defences until the arrival of Tornado aircraft in the mid 1980s were speeding up Tornado production, leasing F-15 fighters from the US in order to make more RAF Phantoms in Germany available for air defence, and requesting McDonnell Douglas to re-open the Phantom production line.¹⁵ A longer-term measure under consideration was collaboration with France on a new medium-range anti-aircraft missile.¹⁶

While these options were still under consideration the government took three immediate steps to improve air defences. Fifteen Lightning aircraft were brought out of storage to form a third squadron. Second, a decision was made to modify 85-90 Hawk trainer aircraft to carry AIM-9L Sidewinder air-to-air missiles thus making them capable of defending British

¹³ Geoffrey Pattie, Hansard (15 June 1979), col. 879.

¹⁴ Geoffrey Pattie, Hansard (10 July 1979), col. 239.

¹⁵ D.Fairhall, Guardian (28 July 1979).

¹⁶ 'Air Defence: Full of Holes,' The Economist (4 Aug 1979), p. 19.

airspace.¹⁷ Third, the capability of existing Phantom aircraft was upgraded by an improved weapon control system.¹⁸ By early 1980 many of these plans were well underway. There was an additional plan to introduce enough VC10 tanker aircraft to provide greater in-flight refuelling.¹⁹ In April a further decision was taken to purchase the Skyflash Mark 2, a new air-to-air missile expected to enter service in the mid-1980s.²⁰

While the vast majority of improvements in home defence were in the field of air defence the strengthening of coastal defence and UK land forces was also considered. Efforts in both these areas originated with Conservative bills introduced to the House of Commons. In 1978 Conservative MPs tabled a bill requiring a naval defence inquiry into 'the provision of missile and other defence systems for installation on British merchant ships and oil rigs.'²¹ In 1979 the Defence of the United Kingdom (Inquiry) Act called for a committee to consider topics such as 'the strategic concept of the services...the local defence of specific points such as oil rigs and pipelines...[and] the strategic food and material

¹⁷ HC 571, Defence Estimates, 1980, p. viii, para 13.

¹⁸ Geoffrey Pattie, Hansard (27 July 1979), col. 510.

¹⁹ Lord Strathcona and Mount Royal, Hansard, Lords, (15 Jan 1980), col. 2.

²⁰ Geoffrey Pattie, Hansard (15 April 1980), col. 578.

²¹ Naval Defence (Inquiry) Act 1978, Bill 53, 1977-78, p. 1.

stores for home security and defence.'²²

Like air defence, UK maritime defence was to a large extent subsumed by NATO. Britain played a vital role in protecting the Eastern Approaches to the southeastern ports of the English Channel. As a result,

United Kingdom naval forces come under the command of Commander-in-Chief Fleet, who is also a major NATO commander as the Commander-in-Chief Channel (CINCHAN), and holds the NATO command of Commander-in-Chief Eastern Atlantic (CINCEASTLANT), subordinate to the Supreme Allied Commander Atlantic (SACLANT).²³

CINCFLEET was also responsible for 'mine warfare and anti-submarine operations in the United Kingdom's waters.'²⁴ Seaward defence of the UK home base was a slightly different task falling to the Commander-in-Chief Naval Home Command (CINCHOME). For his purposes the home base was defined as 'the Clyde submarine base and those naval bases and ports which would be used for the reinforcement and resupply of Europe.'²⁵

By 1980 significant plans were underway which would improve maritime home defence, most broadly in the field of mine warfare. These improvements included the introduction of

²² Defence of the United Kingdom (Inquiry) Act of 1979, Bill 59, 1979-80, p. 1.

²³ Cmnd 7099, Statement on the Defence Estimates, 1978, (February 1978), p. 17, para 201.

²⁴ Cmnd 7826-I, Statement on the Defence Estimates, 1980, p. 36, para 344.

²⁵ Cmnd 7826-I, Statement on the Defence Estimates, 1980, p. 36, para 344.

the new Hunt-class Mine Countermeasure Vessel with HMS Brecon and HMS Ledbury. These were to be followed by three more ships already ordered, with additional orders in train. A new class of minesweepers, Minesweepers Medium, had been ordered and were expected to enter service within two to three years.²⁶ The Royal Navy was also modernising its own mines as well as developing new types, particularly for 'defensive and protective mining.'²⁷ One innovation with a variety of possible uses was the Seabed Operations Vessel HMS Challenger ordered in 1979 and 'equipped to locate, inspect and recover objects on the seabed.'²⁸ The initial concept behind the vessel was that it would enable the Royal Navy to keep vital British harbours free from mines, which any Soviet trawler could drop on a 'peaceful' visit. It was also recognised as potentially useful for the recovery of ships from the bottom of the sea floor, or even to retrieve a nuclear depth bomb or other weapons dropped accidentally.

United Kingdom Land Forces (UKLF) also had a role in home defence, albeit secondary to providing reinforcements for the BAOR. The UKLF belonged to NATO's Strategic Reserve, under the command of the SACEUR, and could be used in any part of Allied Command Europe (ACE), as needed. In the event of a war they

²⁶ Cmnd 7826-I, Statement on the Defence Estimates, 1980, para 723.

²⁷ Ibid.

²⁸ Ibid., para 721.

would also perform a variety of home defence roles in the UK, including protecting military bases and airfields.²⁹ However, the only improvement contemplated for these forces in 1980, expansion of the pool of uncommitted reserve manpower to supplement reservists already earmarked for home defence, was not central to Britain's defence.³⁰

John Nott inherited a burgeoning programme of improvements in home defence, principally in the field of air defence, though improvements in maritime home defence were not insignificant, mainly because they were part of a much larger naval re-equipment programme. Planned air defence improvements represented a shift away from the tripwire strategy in which British Forces Germany were viewed as the trigger of British defence. In early 1981 the Minister of State for Defence Procurement, Viscount Trenchard, stated 'the Government share the view that we probably stuck to the tripwire philosophy for too long and, as a result, to a degree our air defence measures are lagging behind. But steps are being taken.'³¹ Strong emphasis on home defence within both major parties suggests that Britain's contributions in Germany and the East Atlantic were no longer considered sufficient for

²⁹ Cmnd 7474, Statement on the Defence Estimates, 1979, p. 20, paras 210-11.

³⁰ Cmnd 7826-I, Statement on the Defence Estimates, 1980, para 349.

³¹ Viscount Trenchard, Hansard, Lords, (25 Feb 1981), col. 1078.

Britain's conventional defence.

THE NATO CONTRIBUTION

Changing attitudes toward UK air defence did not, however, challenge the prevailing view that Britain's contribution to NATO was vital, particularly as a sign of Britain's continued political commitment. The contribution had two main components. To the continent of Europe Britain contributed RAF Germany and the British Army of the Rhine (BAOR). Second, the East Atlantic and English Channel were primarily the responsibility of the Royal Navy. Debate over continental versus maritime strategy featured prominently in twentieth century British defence policy.³² Nor was the debate limited to Britain. NATO continually discussed force size, especially the relative merits of a war-fighting posture versus a war-sustaining posture. Key to this debate, stimulated in large part by financial constraints on alliance members, were assumptions about the likely duration and intensity of a conflict.

The fundamental strategic goal of the alliance was to deter the Soviet Union from initiating war. The critical force-sizing debate was whether deterrence was better served

³² See Brian Bond, British Military Policy Between the Two World Wars (Oxford: Clarendon Press, 1980), esp. pp. 295-7. See also Michael Howard, The Continental Commitment: The Dilemma of British Defence Policy in Two World Wars (London: Temple Smith, 1972).

by maintaining large conventional forces in central Europe or demonstrating alliance resolve to fight a protracted conflict by stressing reinforcement and resupply. There were important implications for the role of nuclear weapons in NATO strategy. A war-sustaining posture assumed the alliance would fight a protracted conventional war whereas a war-fighting posture assumed an earlier resort to nuclear weapons, probably due to insufficient conventional forces early in a war. In strict military terms, Britain's continental-maritime dilemma could be expressed in the following way:

If the initial stage is everything and if denying the Warsaw Pact the hope for a successful attack from a standing start is the key to deterrence, the margin provided by the BAOR is critical; if a longer war of mobilization and attrition is envisaged, the naval contribution looms larger.³³

The Continental Commitment

Due to the nature of alliance decision-making the continental-maritime balance could not be decided solely on strategic analysis, even if a single, authoritative strategic view had existed. This balance was key to British policy. East-West antagonism made central Europe the fulcrum of NATO strategy; there forces from NATO and the Warsaw Pact confronted one another. As a result, troop commitments along the central front had a singular political importance for the

³³ Laurence Martin, 'Defense of the Realm,' Washington Quarterly (Autumn 1980), p. 148.

alliance. To NATO, British forces in Germany symbolised Britain's commitment to European security. These were important considerations in the debate over the size and shape of the RAF and Army and were essential to the bedrock consensus among central staff.

Britain's continental contribution was determined by treaty. The 1954 Paris Agreements modifying the Treaty of Brussels enabled the Federal Republic of Germany to enter NATO. France's willingness to allow West Germany to rearm depended on the permanent presence of British troops on German soil.³⁴ As a result, Britain became the sole signatory to the Brussels Treaty whose minimum force commitment to the continent was specified. Britain was committed to maintaining 'four divisions and the Second Tactical Air Force or such other forces as the Supreme Allied Commander Europe regards as having equivalent fighting capacity' and pledged 'not to withdraw these forces against ^{the wishes of} the majority of the High Contracting Parties.'³⁵ There was a let-out clause taking account of economic considerations and, as discussed in chapter two, Britain had reduced its troop commitment in the late 1950s. However, these reductions had been achieved

³⁴ Saki Dockrill, Britain's Policy for West German Rearmament, 1950-1955 (Cambridge: Cambridge University Press, 1991), pp. 134-7 and 148.

³⁵ The Paris Agreements, Article VI of the Protocol on Forces of Western European Union, 23 October 1954, in Lawrence Freedman, (ed), Europe Transformed (London: Tri-Service Press, 1990), p. 38.

through negotiations within NATO, following West German rearmament. In the late 1970s improving conventional forces was a high NATO priority and allied attitudes towards reductions in the BAOR would not be taken lightly.

The United States played a leading role in encouraging European members of NATO to improve conventional defences and, particularly, the pledge to increase defence spending by three per cent annually. When the alliance agreed to significant conventional improvements at the May 1977 London Summit US President Jimmy Carter played an important role.³⁶ He urged Europeans to join the US in

- 1) taking certain high priority short term measures to show renewed Alliance resolve;
- 2) designing a long term NATO programme, and
- 3) much closer armaments cooperation.³⁷

The allies responded favourably and together provided a framework for the development of new force proposals in the form of 'Ministerial Guidance - 1977,' a document issued by NATO defence ministers. The force improvements were a response to Soviet enhancement of its nuclear systems, ground forces, and maritime capabilities. According to the defence ministers 'the Warsaw Pact ground forces [had] the capability

³⁶ See President Carter's remarks to the North Atlantic Council at Lancaster House, London, 10 May 1977, in NATO Review (June 1977), pp. 21-24.

³⁷ Robert W. Komer, 'NATO's Long Term Defence Programme: The Origins and Objectives,' NATO Review (June 1978), p. 10.

to stage a major offensive in Europe without reinforcement.³⁸ In addition to the recommendation for annual defence budget increases 'in the region of' three per cent were recommended short-term improvements in anti-armour defence, war reserve stocks and readiness and reinforcement capabilities.³⁹ These became the early objectives of the Long Term Defence Programme formally adopted in May 1978.⁴⁰

The Labour Government approached the Long-Term Defence Programme (LTDP) seriously, including the three per cent pledge.⁴¹ The 1978 Defence Estimates detailed improvements that Britain would make in each of the areas NATO had identified as critical in the short term. Specific British decisions included acceleration of planned improvements, such as returning HMS Bulwark to operational status and increasing the number of helicopters earmarked for NATO. In addition, the number of Milan anti-tank missiles deployed on the front line was increased, armoured and artillery units were expanded, reserve mobilisation was improved, and weapon stocks

³⁸ 'Ministerial Guidance - 1977,' NATO Review (June 1977), para 2.

³⁹ Ibid, pp. 25-26.

⁴⁰ North Atlantic Council, Final Communiqué, 31 May 1978, para 25, and 'The Long-Term Defence Programme--A Summary,' in NATO Review (June 1978).

⁴¹ It later became apparent that defence budgets of the late 1970s were actually underspent, as discussed further in chapter six.

were increased.⁴² These improvements depended on adherence to the three per cent budget increases. However, according to Deputy Under Secretary (Policy), Michael Quinlan, the three per cent pledge was not a 'free-standing net addition to the cost of meeting existing force commitments, and so available to be spent on entirely new ideas.' Rather, it was 'needed mainly for the planned and necessary improvement of the forces we already commit to the alliance.'⁴³ Three per cent annual increases were needed simply to maintain existing capabilities.

Subsequent service plans were based on the assumption that the three per cent increases would continue indefinitely.⁴⁴ As mentioned previously, having been pledged by a Labour Government in an alliance context, and providing only enough to continue planned growth on current assumptions, there was little reason to believe that a future Conservative Government would not also pursue at least three per cent annual growth. Accommodating different strands of thought among pro-defence Tories would likely require even larger defence increases. There was a strong element within the Conservative Party favouring withdrawal of the BAOR, a very

⁴² Cmnd 7099, Statement on the Defence Estimates, 1978, (February 1978), p. 11, para 132.

⁴³ Michael Quinlan, 'The LTDP from a National Viewpoint,' NATO Review (June 1978), p. 13.

⁴⁴ Interview with Sir John Nott, 19 November 1991.

expensive commitment to maintain.⁴⁵ Likewise, however, the BAOR would have been very expensive, in the short-term, to withdraw.

The importance placed on good allied relations precluded such a radical shift in British defence policy, but a tilt in this direction was evident in the early policy of the Thatcher Government. In opposition, the Conservatives criticised Callaghan's suggestion that without further financial assistance from Germany the BAOR might have to be withdrawn.⁴⁶ Once in power they resented Labour's concession that Britain would seek no further offset agreements with Germany.⁴⁷ The government's first Statement on the Defence Estimates, in 1980, stated that in the light of Callaghan's concession maintaining the BAOR would be much more difficult: 'The absence of offset payments in the future and the rising costs of BFG [British Forces Germany] will limit our ability to improve the fighting effectiveness of BAOR and RAF Germany as we would like.'⁴⁸ By the expiration of the offset agreement in March 1980 tensions had developed within the

⁴⁵ See James Bellini and Geoffrey Pattie, A New World Role for the Medium Power (London: RUSI, 1977); Michael Chichester and John Wilkinson, The Uncertain Ally: British Defence Policy, 1960-1990 (Aldershot: Gower, 1982); Alan Clark, letter to the The Sunday Times (11 Jan 1981).

⁴⁶ I. Aitken, Guardian (27 Oct 1976); see also Margaret Thatcher, Hansard (26 Oct 1976), cols. 270-71.

⁴⁷ H. Stanhope, Times (27 Nov 1979).

⁴⁸ Cmnd 7826-I, Statement on the Defence Estimates, 1980, p. 89, para 809.

Conservative Party, not only between navalists and continentalists, but also between those split over whether and how far to reduce public expenditure. Financial pressures began to dampen early expectations that defence prospects were improving, reducing the government's willingness to increase defence by three per cent annually. At the same time, however, the US launched an initiative to accelerate implementation of the LTDP.

In April 1980 Robert Komer, now US Undersecretary of Defense for Policy, presented a plan in Brussels for NATO allies to further strengthen their defences in the wake of the Soviet invasion of Afghanistan. Secretary of Defense Harold Brown pressed the allies to adopt the plan at the meeting of NATO Defence Ministers in May. Special emphasis was placed on the allies being able to fight a 30-day war with the Warsaw Pact. Existing weapons stocks made it unlikely that NATO could hold out for longer than one week. Consequently, the need was for larger stockpiles, pre-positioning of equipment and increases in airborne reinforcement by US troops.⁴⁹

The ambiguity of Britain's policy in the face of conflicting economic and political pressures was illustrated by Pym's efforts to improve British Forces Germany. The BAOR required improvement in several areas, including anti-armour, air defence and speed of reinforcement. The RAF required increased aircraft, weapons and training. Pym took the

⁴⁹ R.Burt, New York Times (14 April 1980).

opportunity of the May 1980 meeting of NATO Defence Ministers to arrange a package of new equipment for British forces, including a doubling of the number of 155mm guns in BAOR artillery regiments.⁵⁰ Shortly thereafter came announcements that in the mid 1980s Britain would purchase the Challenger main battle tank and the MCV 80 armoured personnel carrier.⁵¹ These improvements were directly in line with NATO's Long Term Defence Programme. At the same time, however, Pym expressed concern about the future of RAF Germany, in which there was a particular need for major repairs. Cracks in the wings of over half of the RAF's Buccaneer frames prompted Pym to declare:

Hitherto we have maintained our full Buccaneer declaration to NATO on the basis of availability in war. It is now clear that initially, and possibly also in the longer term, this declaration must be reduced. We shall be discussing with the NATO authorities the future size of the declared force.⁵²

Pym declared that his priority as Secretary of State for Defence was 'to sustain and improve [Britain's] NATO contribution.'⁵³ However, the financial pressures of 1980 threatened a number of British military capabilities, including important elements of the NATO contribution. The spending moratorium imposed between August and November

⁵⁰ M.Hornsby and H.Stanhope, Times (15 May 1980).

⁵¹ Francis Pym, Hansard (14 July 1980), cols. 20-22.

⁵² Francis Pym, Hansard (28 July 1980), col. 529; see also 'RAF may cut NATO force,' Daily Telegraph (29 July 1980).

⁵³ Francis Pym, 'Britain's Defence Policy,' NATO Review (December 1979), p. 3.

(discussed in chapter six) severely affected all the armed forces, including the BAOR. These problems came at a time when NATO ministers agreed that 'the rate at which [NATO force] improvements were being made was not commensurate with the sustained growth in the Soviet and other Warsaw Pact forces.' They acknowledged, moreover, 'that if deficiencies in the alliance's defence posture were allowed to persist this could lead to a most serious deterioration in NATO's deterrent posture.'⁵⁴

American officials were careful not to impinge on the national decision-making processes of their allies but the priority the US placed on maintaining and improving NATO's conventional capabilities was clearly understood. Robert Komer, who was prominent in NATO discussions about force improvements, believed that faced with a choice he would 'sell half the Royal Navy for one division of the BAOR.'⁵⁵ The basis of the Carter Administration's concerns on the best use of defence funds was that Britain was unable to fund all the defences it might want. Indeed, although the government initially accepted the three per cent pledge, when defence budget increases began to conflict with economic policy the pledge was fudged, first with the modification of the baseline for measuring the increases and ultimately with the

⁵⁴ NATO Defence Planning Committee, Final Communiqué, M-DPC-2(80)27, (10 December 1980), para 7.

⁵⁵ Interview with Robert Komer, 9 January 1991.

redefinition of what constituted a three per cent increase.⁵⁶

The United States Government recognised that conflicting British priorities could necessitate a choice. The British Government's interest in modernising the deterrent, for instance, could impinge on other British defence capabilities: 'we considered it more important to keep up the BAOR than add incrementally to British strategic forces.'⁵⁷ Equally, Reagan Administration officials wanted to see Britain maintain all of its military contributions: 'Britain's whole NATO force is important and it is difficult to quantify whether one contribution is greater than another...We wanted it all and more.'⁵⁸ Nevertheless, the need to reconsider Britain's defence priorities meant the reopening, at least in public, of the debate over continental versus maritime capabilities.

The Maritime Commitment

As the senior service and the principal instrument of British Empire the Royal Navy had long played an important role in British politics, security, and the society as a whole. Notwithstanding the importance of the Royal Navy, its size and shape have proven highly sensitive to strategic and

⁵⁶ See David Greenwood, 'NATO's Three Percent Solution,' Survival (November/December 1981) and chapter six.

⁵⁷ Interview with Harold Brown, 25 January 1991.

⁵⁸ Interview with Caspar Weinberger, 9 January 1991.

technological debates. As discussed in chapter two, with the advent of nuclear weapons the Navy was preserved only by the assumption in the 1952 Global Strategy Paper that 'broken-backed warfare' -- during which conventional forces would be essential -- would follow an initial nuclear exchange.⁵⁹ Yet the role and structure of the Royal Navy continued to be challenged.⁶⁰

Abandonment by the early 1960s of both land and air based nuclear deterrent forces, and the 1962 decision to purchase the Polaris missile, temporarily ended much of the speculation about the Navy's future. Yet responsibility for an underwater-based deterrent did not halt the shift away from surface vessels, which began in earnest in 1966 with the abolition of the carrier force.⁶¹ The shape of the Royal Navy in the 1970s was determined by the Future Fleet Working Party in 1967.⁶² Discussions had focused on the decision to reduce Britain's global role and in so doing to reduce the Navy. Seven years later, in the Mason review, the shape of the Royal Navy had again been subject to MoD scrutiny, this time to arrive at plans for the 1980s. In the context of

⁵⁹ Michael Dockrill, British Defence Since 1945 (Oxford: Basil Blackwell, 1988), p. 47.

⁶⁰ Field Marshall Montgomery, 'A look through the window at World War III,' RUSI Journal (November 1954); Cmnd 124, Defence: Outline of Future Policy (April 1957), para 24.

⁶¹ Cmnd 2901, Statement on the Defence Estimates, 1966, part I. The Defence Review (February 1966), p. 9, para 2.

⁶² H.Stanhope, Times (18 Sept 1974).

successive challenges to the fundamental role of the Royal Navy the naval force improvements which survived the Mason review reflect the extent to which the Navy had recovered its standing in the nuclear and post-imperial world. An important aspect of overcoming further doubts about the future of the surface fleet was the importance to NATO of Britain's maritime contribution.

In 1976 Admiral Sir Terence Lewin, then Commander-in-Chief, Naval Home Command, declared the United Kingdom to be 'undoubtedly the natural maritime leader of NATO in Europe.'⁶³ His claim, maintained by others, including the top naval commanders in NATO, played an important role in debates over the size and shape of the Royal Navy. The basis of this argument was that due to geography, history and the extent of economic dependence on the sea Britain was quintessentially a maritime power. As such Britain was uniquely qualified to make a maritime contribution to the alliance. Accordingly, when hard choices about defence must be made, the Royal Navy, the argument went, had to be preserved for both British national interests and those of NATO.

Following the Mason review debate over the Royal Navy continued but until the early 1980s there appeared to be less at stake. The Navy had done relatively well in the Mason

⁶³ Admiral Sir Terence Lewin, 'The Royal Navy -- its Contribution to National and Western Defence,' RUSI Journal (September 1976), p. 7.

review and the government consistently emphasised that it was central to NATO defence. According to the 1979 Defence Estimates (which reflected statements made in the Estimates of 1976, 1977 and 1978),

All the United Kingdom's major warships and amphibious forces are assigned to NATO and the Royal Navy will continue to provide the main weight of the maritime forces immediately available to NATO in the Eastern Atlantic and Channel area.⁶⁴

Although the Mason review called for 'a progressive reduction of one seventh in the planned numbers of destroyers, frigates and MCM vessels,' the Wilson Government also financed the building of three Invincible-class aircraft carriers. When in 1976 the Expenditure Committee concluded that 'any further substantial slippage or cost escalation [in the naval programme] could place in jeopardy some of the most important elements on which British maritime strategy is based' it was not the result of decisions to cut the Navy but rather the general malaise in overall defence funding.⁶⁵

Support for the Navy from the Conservative Opposition was encouraging. In a 1978 debate on the Royal Navy, Geoffrey Pattie, then a maverick back bencher but subsequently a junior defence minister, made an eloquent appeal for the Royal Navy:

We are dependent on our Navy now as ever we

⁶⁴ Cmnd 7474, Statement on the Defence Estimates, 1979 (February 1979), p. 18, para 201.

⁶⁵ Second Report from the Expenditure Committee, 1975-76, Defence (HC 155), 26 January 1976, p. xxvi, para 43.

were...the more naval forces are weakened at the expense of land forces, the more the naval part of the deterrent is weakened, namely, the likelihood of being able to reinforce and resupply Europe...The House and the nation do not want an increased social dividend from the Navy. What we want is a Navy which is given more ships, more strike aircraft, more reconnaissance aircraft, worthwhile mining capability and proper command communications. All these will enable the Navy to safeguard our supplies, contest control of the seas and put our troops ashore. The Navy is our first line of defence.⁶⁶

The Conservative Government elected the following year seemed predisposed toward the Navy, as the Conservative Party was traditionally wont to be. The new Parliamentary Under Secretary for the Navy, Keith Speed, promised in his election address to his constituency to 'make up deficiencies in our contribution to NATO, step up our Naval and aircraft building and spares programmes and boost morale to prevent skilled officers and NCOs from leaving the services in large numbers.'⁶⁷ As discussed previously, the government did stem the flow of skilled personnel out of the services. But the Royal Navy nevertheless continued to feel the effects of the outflow, which had been so great in the weeks leading up to the 1979 General Election that five

⁶⁶ Geoffrey Pattie, Hansard (19 June 1978) cols. 148-158, [emphasis added].

⁶⁷ Keith Speed, Sea Change: The Battle for the Falklands and the Future of Britain's Navy (Bath: Ashgrove Press, 1982), p. 103; See also Keith Speed, 'The Royal Navy and the Conservatives,' Navy International (May 1980).

frigates had to be placed in the standby squadron.⁶⁸

Due to financial pressures on the MoD only three warships were ordered between May 1979 and June 1980.⁶⁹ However, several weeks before the election the Labour Government had placed orders for several new ships. Shipbuilders, like other companies, felt the economic squeeze of 1980, but there was little public indication until 1981 that financial pressures would lead the government to re-think the role of the Royal Navy.

As late as May 1981 the government declared that it placed a high priority on existing roles of the Royal Navy. According to the 1981 Defence Estimates NATO required strong maritime forces, to which the UK made 'a major contribution.' The reasons cited were traditional and primarily geographical. Britain was 'situated at the focus of the busiest sea-lanes in the world and also close to the main route for Soviet warships deploying to the Atlantic.' Consequently, Britain was 'well placed geographically to play a major part in NATO maritime strategy.'⁷⁰ Nevertheless, within two months the government announced major changes in Navy priorities.

⁶⁸ See Cmnd 7474, Statement on the Defence Estimates, 1979, Annex D, p. 72; Cmnd 7826-I, Statement on the Defence Estimates, 1980, Annex A, p. 94.

⁶⁹ A.E.P.Duffy, Hansard (19 June 1980), col. 1804.

⁷⁰ Cmnd 8212-I, Statement on the Defence Estimates, 1981 (April 1981), para 330.

The high value placed on both continental and maritime contributions to NATO was one reason for the fierceness of the continental-maritime debate. NATO required adequate forces to resist a Soviet attack across the Central Region and alliance cohesion required that Britain make a significant contribution. Equally, as a transatlantic alliance, NATO depended on seaborne reinforcement. Sea power would, moreover, be necessary in the event of a NATO or British decision to deploy force outside of the NATO treaty area. The importance of both land and maritime forces, comprising a wide range of capabilities, was one reason defence funds were overcommitted prior to the 1981 review. Defence decisions encompass the entire spectrum of capabilities and commitments but in light of the 1981 decisions to cut the Navy it is most appropriate here to address the Navy's strategic role and some of the vulnerabilities which made it the focus of defence savings.

The Role of the Royal Navy

Unlike Britain's continental commitment the maritime contribution was not determined by treaty. In accordance with the Paris Agreements naval contributions to NATO commands were 'determined each year in the course of the annual review (which takes into account the recommendations of the NATO

military authorities).'⁷¹ There was thus inherently greater political flexibility to alter the size of maritime forces committed to the alliance. Britain had long provided the bulk of NATO's naval forces in the East Atlantic and Channel. Its principal role was to conduct anti-submarine operations in these areas, for which the Royal Navy was largely designed.

Despite its importance the Navy has been vulnerable to cost-cutting for a variety of reasons. Economically, the Navy had repeatedly been targeted for cuts due to the high cost of capital ships and maintenance of a large dockyard infrastructure. Nor had governments lacked strategic arguments for cutting the Navy. Two key Royal Navy roles were the related but distinct tasks of anti-submarine warfare and the protection of shipping. Since the Second World War, and especially since the 1960s, technological and strategic developments had challenged the need and techniques for shipping protection.

NATO's naval strategy owed much to the geostrategic position of its members and the Warsaw Pact. The Soviet Union was a classic land power, self-sufficient in strategic minerals, foodstuffs, and raw materials. With respect to Europe it possessed strictly land-based internal lines of communication. NATO's dependence on the United States meant that alliance lines of communication were transatlantic.

⁷¹ Article II of the Protocol on Forces of West European Union, 23 October 1954, in Europe Transformed, p. 37

Consequently,

defense of the Atlantic sea lines of communication under various conditions of peace, tension, or war is an integral part of the defense of Western Europe. It is in fact as essential to NATO's land defenses as secure internal lines of communication are to the Soviet Union.⁷²

Two essentials for a successful campaign against shipping are dependence of the enemy on the sea for a high percentage of its resources -- either foodstuffs and raw materials or reinforcements -- and the ability to field a large anti-shipping force.⁷³ NATO's dependence on the sea and the growth of the Soviet Navy through the 1970s met these conditions. As a result, NATO had to be prepared not only to defend West Europe but, in the process, actively to protect Atlantic sea lines of communication (SLOCs). According to General Goodpaster, who served as SACEUR from 1969 to 1974, in the event of a war 'Soviet naval forces would make a strong and sustained effort to interdict the sea lines of communication on which we are vitally dependent.'⁷⁴

The likelihood and likely nature of a Soviet attack on allied sea lines of communication would, of course, have depended on the circumstances surrounding a conflict.

⁷² Ambassador John G. Halstead, 'The Atlantic: The Linchpin,' Proceedings, Sea Link Supplement 1984, p. 22.

⁷³ Theodore Ropp, 'Continental Doctrines of Sea Power,' in Earle, E.M., (ed), Makers of Modern Strategy (Princeton: Princeton University Press, 1943).

⁷⁴ General Andrew Goodpaster, 'Sea Power and Security,' Proceedings, Sea Link Supplement 1984, p. 17.

Historically, Soviet military planners were less concerned with allied SLOCs than NATO planners highly sensitive to this vulnerability. In the 1970s, however, Soviet interest in SLOC interdiction appeared to increase significantly.⁷⁵ Whereas in 1971 the Soviet Joint Military Encyclopedia listed interdiction of the sea lanes as the lowest operational naval priority, in 1976 it was second only to maintaining a sea-based nuclear capability.⁷⁶ Soviet naval exercises also could be interpreted as reflecting altered priorities. In 1975 SLOC interdiction was an important part of the largest Soviet naval exercise for five years ('OKEAN-75').⁷⁷ In the second half of the decade the Soviets expanded their regular surveillance and monitoring of NATO naval exercises to include simulated missile and anti-submarine attacks.⁷⁸ By 1979 Soviet aircraft were regularly simulating attacks on key points along the Greenland-Iceland-United Kingdom Gap -- NATO's first line of naval defence -- and against NATO ships at sea. According to Admiral Sir James Eberle, then

⁷⁵ See B. Makeyev, 'SLOC Under Present-Day Conditions,' Morskoy sbornik (July 1979); Bolshakov, Borisov, Viktorov, 'NATO's Plans for Maritime Transport,' Morskoy sbornik (March 1982); These and other Soviet articles are discussed in Mathew J. Wheelan, 'The Soviet Anti-SLOC Mission,' Proceedings (February 1979).

⁷⁶ Admiral Isaac C. Kidd, Jr., 'NATO's Double Dependence on the Atlantic,' NATO Review (October 1978), p. 5.

⁷⁷ Bruce W. Watson, and Marguerite A. Walton, 'OKEAN-75', Proceedings (July 1976), p. 94.

⁷⁸ Admiral of the Fleet Sir Peter Hill-Norton, 'NATO and the Warsaw Pact: The Balance,' NATO Review (February 1976), p. 5.

CINCFLEET, 'The profiles of some Soviet naval aircraft could be interpreted as practicing long-range attacks against NATO warships and certain specified land targets.'⁷⁹

Geographical constraints on Soviet access to the seas facilitated NATO's ability to pursue a naval strategy of defence in depth. Fortunately for NATO the Soviet Union had poor access to the seas. Three of the Soviet Navy's four fleets (the Northern, Baltic, Black Sea and Pacific fleets) had to transit narrow waters to reach their main operational areas. The principal concern to Britain was the Northern Fleet, based on the Kola Peninsula, and operating in the North and East Atlantic. To enter the East Atlantic the Northern Fleet had to transit the Greenland-Iceland-UK gap.⁸⁰ The passage of Soviet submarines through this gap, a logical early step in any East-West conflict, provided NATO the opportunity to destroy or at least monitor the boats before they reached their patrol stations.

These submarines posed the single greatest threat to NATO's sea lines of communication and to NATO strike fleets. It is unlikely the Soviet Union would have initiated a war in Europe without previously surging its naval forces into the Eastern Atlantic. Even so, the distance of the East Atlantic

⁷⁹ Eberle quoted in D. Wettern, Daily Telegraph (2 Jan 1980); These profiles could, however, also be interpreted differently.

⁸⁰ Chapman Pincher, 'The Fierce Race for Seapower,' Sunday Telegraph Magazine (15 Feb 1981).

from Soviet submarine pens on the Kola peninsula, the range of the submarines, and the endurance of the crew ensured that the GIUK gap remained a vital choke point. The first layer of maritime defence was thus 'barrier ASW' along the GIUK gap. The goal of establishing such an ASW barrier was to keep as much of the Soviet Northern Fleet as possible confined to the North Atlantic. Operationally, the barrier was 'primarily executed by maritime patrol aircraft, submarines and minefields such as the CAPTOR mine, supported by SOSUS.'⁸¹

The second and third layers of maritime defence focussed on locating and destroying submarines already operating in the East Atlantic at the outbreak of a war or those successfully entering the area once the war had begun. Destroying submarines normally requires numerical advantage because of the difficulty of both locating and destroying underwater assets. The most effective way to perform ASW is with a mix of 'shore-based aircraft, helicopters, surface ships and submarines.'⁸² A key debate, therefore, was whether these resources should concentrate on 'area ASW' to destroy submarines at large in the East Atlantic or on 'protection ASW' to defend convoys. Together these formed the second and third lines of NATO's maritime defence in depth.

A central issue in this debate was the balance between aircraft and surface ships. The key question was where to put

⁸¹ Interview with Admiral Harry Train, 4 January 1991.

⁸² Admiral Sir Terence Lewin, 'The Royal Navy,' p. 5.

ASW assets for the best results. Area ASW was conducted primarily by maritime patrol aircraft which could rapidly cover a wide area to locate enemy submarines. Attack submarines remained important for the 'kill'. Alternatively, both of these tasks could be performed, albeit more slowly, by frigates, on which towed array sonars and helicopters could be deployed. The ASW effort also benefited from the deployment of SOSUS, which became operational around the early 1980s. Surface ships were also the essential resource for protection ASW -- convoys. As the most likely target of Soviet submarines, convoys provided a natural focal point for the concentration of ASW assets.

By the mid-1970s the developments of satellites and cruise missiles, coupled with the rise of the Soviet Navy, posed a major challenge to surface navies. The growing missile threat to surface ships raised the prospect of a shift toward greater emphasis on ASW performed by aircraft and submarines. Carrier-based aircraft and helicopters and frigate-based helicopters provided the aviation portion of protection ASW. But, as a consequence of their ability to identify and destroy enemy aircraft, carriers and destroyers were natural targets for Soviet forces and thus had to devote considerable time and resources to defending themselves. The need to provide escort ships for convoys thus not only put at risk important naval assets, but also tied up considerable financial resources in enabling these ships to protect themselves. The importance of

this scenario in Royal Navy plans, the expense of preparing to meet it, and the likelihood that a war in Europe would actually be of short duration, raised doubts within the ministry about the basic role of the Navy:

I think the serious question was about what the Navy ought to be. There were serious questions about the whole concept of convoy reinforcement across the Atlantic: would they arrive in time, how much stockpiling was necessary, what about the sheer cost of providing a fleet to operate in a transatlantic capacity and the air defence of the fleet? It was an enormous amount. Then how relevant was the concept that you had to spend large amounts of money also on anti-submarine warfare? The Soviet Union had a much larger fleet. But I think the scenario was increasingly questioned and that led naturally on to questioning the role of the Royal Navy.⁸³

In a long war Britain would have borne a significant portion of the responsibility for the protection of transatlantic shipping. Until the early 1980s declared US naval strategy was the 'swing strategy.' This called for US naval assets in the Pacific to shift to the Atlantic in the event of war between NATO and the Warsaw Pact. To naval planners, however,

the swing strategy was a non-starter. Its purpose was political rather than military. It was designed to encourage the Soviet Union to think the US had greater naval assets than it had and to encourage European members of NATO to think that the US would contribute a greater proportion of its naval assets to war in the Atlantic than it would. The swing strategy was never intended for execution.⁸⁴

⁸³ Interview with Sir Frank Cooper, 24 April 1991.

⁸⁴ Interview with Admiral Harry Train, 4 January 1991.

According to Admiral Train, Supreme Allied Commander Atlantic (SACLANT), 'CINCPAC never expected to lose those assets and I never expected to gain them.'⁸⁵ Consequently, the US Government, assuming it believed NATO could fight a long war, relied on European allies to escort convoys transitting the sea lanes and to ensure safe passage in restricted waters and the entrances to major ports.

Renunciation of the swing strategy beginning in 1978 thus enhanced the role of Britain's maritime contribution to NATO, while at the same time suggesting that the trend in US naval strategy was away from tactical defence; a shift to which the Royal Navy found adjustment painful. Senior US officials and NATO commanders coordinated the shift in US policy, which could not openly acknowledge, for political reasons, the belief that war in Europe was unlikely to last long enough for American forces based there to be reinforced by sea. According to Admiral Train,

One of the projects I had [as SACLANT from 1978 to 1982] was to get the NATO ministers to let go of that policy [the swing strategy] and admit that it wasn't going to be executed and to get the United States to withdraw it as a declaratory policy, which I did before I finished my tour of duty.⁸⁶

Simultaneously, Harold Brown began publicly to emphasize the need for a 'division of labour' in protecting SLOCs. The ostensible purpose was to enable the US to devote greater

⁸⁵ Ibid.

⁸⁶ Interview with Admiral Harry Train, 4 January 1991.

maritime resources outside the NATO area, but one unstated rationale was that with so few forces available to fight a long war in Europe assets necessary to sustain one should be redployed where they could be of greater use. Brown argued the US was best able to send ships to the Indian Ocean and that as a result allied navies should assume greater responsibility in the Atlantic.⁸⁷ By January 1981 the policy shift was advanced enough for Train to acknowledge in the journal of the US Naval Institute that dec/a red US policy had served a primarily political purpose: 'we never really expected that those ships would arrive in the Atlantic.'⁸⁸

Several developments made relinquishing the notion of seaborne reinforcement considerably more difficult, however unlikely the prospect of a long war in Europe. The introduction of the Backfire Bomber in the late 1970s improved Soviet capability to threaten NATO shipping.⁸⁹ In 1980 US Secretary of Defense Harold Brown said the Backfire was 'likely soon to be a greater threat to our naval forces and sea lines of communication than Soviet submarines; and so far at least half the 200 Backfires completed have been delivered to the Russian navy.'⁹⁰ These deliveries were only a

⁸⁷ Brown radio broadcast reprinted in Le Monde (13 Sept 1979).

⁸⁸ Admiral Harry D. Train, II, USN, 'Preserving the Atlantic Alliance,' Proceedings (Jan 1981), p. 27.

⁸⁹ Cmnd 6432, Statement on the Defence Estimates, 1976, p. 5, para 19.

⁹⁰ Brown quoted in D.Wettern, Daily Telegraph 23 April 1980.

small part of a major buildup in the Soviet Navy's offensive capabilities. Additional Soviet maritime threats included the attack and mining of US and European ports.⁹¹ The nature of the Soviet maritime threat was not merely a function of its specific capabilities, or even how they were expected to deploy them, but also the way they could potentially exploit NATO vulnerabilities. Historically, the Soviet Navy had no tradition of attacking merchant shipping on the high seas and the principal preoccupation of the Soviet armed forces was land warfare. Soviet interest in allied attacks grew in the 1980s as the US Navy developed its capabilities to pursue a forward maritime strategy. By 1983, according to Geoffrey Till, 'although there [was] clearly a mismatch between Soviet and Western attention to the vulnerability of Western maritime communications across the Atlantic, Western dependence on them [was] such that it [was] difficult to imagine the Soviet Navy leaving them seriously uncontested.'⁹²

Soviet naval expansion stemmed from decisions taken in the late 1950s and early 1960s to counter US naval capabilities and enable the Soviet Union to project power abroad.⁹³ The Cuban Missile Crisis of 1962 underscored the

⁹¹ Fisher, 'Soviet SLOC Interdiction,' p. 166.

⁹² Geoffrey Till, 'The Soviet Navy,' in Geoffrey Till, (ed), The Future of British Sea Power (London: Macmillan, 1984), p. 90.

⁹³ Pincher, 'The Fierce Race for Seapower,' p. 21; Isaac C. Kidd, Jr., 'NATO Strategy and the New Dimension at Sea,' NATO Review (December 1976), pp. 6-7.

need for expanded maritime capabilities: 'the Soviet Union was forced to back down by the United States because the Soviet Union did not have a naval capability to support their own ambitions in Cuba.'⁹⁴ By the 1970s growing Soviet naval capabilities in the 1970s had increased NATO's vulnerability on the flanks and made it more difficult to plan for the protection of allied SLOCs. The scale of expansion exceeded what the Soviet Union needed for defensive purposes, especially given the lesser dependence of the Soviet Union on sea trade. This imbalance, combined with the increasingly offensive nature of Soviet naval exercises, raised serious questions about Soviet intentions.⁹⁵ However, even with no change in Soviet intentions toward NATO SLOCs their importance for reinforcement and resupply suggested to naval planners that NATO required adequate forces to protect them. A second concern of naval planners was the importance of maintaining the qualitative edge through superior maritime technologies.

Soviet naval expansion took place during a major shift in the balance between offence and defence in maritime power; the shift was decidedly in favour of the offence. It resulted from combined advancement in several critical technologies:

⁹⁴ Admiral Harry Train interviewed by Russell Dybvik, 29 October 1980, 'Allied Maritime Efforts Limit Soviet Options,' United States Information Agency, (13 Nov 1980), p. 2.

⁹⁵ See 'Soviet Naval Activities, 1971-1976,' NATO Review (December 1976).

missiles, submarines and reconnaissance satellites. Together, these technologies considerably increased the vulnerability of surface vessels. One analyst wrote in 1971 that 'whether feasible or not...the equipment to guard against submarine-launched missiles will become one more expensive layer of defense around ships already overburdened by a multitude of enemies.'⁹⁶ By the late 1970s the future of naval power itself had become a topic of major debate in the US. Harold Brown was 'aware of the growing vulnerability of surface ships and believed that more emphasis should be placed on underwater assets.'⁹⁷ Indeed, in fiscal year 1977 US naval plans to build 30 ships were cut by half.⁹⁸

In addition to immediate challenges posed to surface fleets by existing technologies emerging technologies raised the prospect of even greater vulnerability in the long-term. In the late 1970s US Under Secretary of Defense for Acquisition, William Perry, spearheaded a move to introduce a new generation of aircraft and missiles based on stealth technologies and precision-guided munitions.⁹⁹ The development of these technologies led Perry to believe

⁹⁶ Paul Cohen, 'The Erosion of Surface Naval Power,' Foreign Affairs (January 1971), p. 338.

⁹⁷ Interview with Harold Brown, 25 January 1991.

⁹⁸ Gary Hart, 'The U.S. Senate and the Future of the Navy,' International Security (spring 1978), p. 175.

⁹⁹ Interview with Robert Komer, 9 January 1991; Interview with William Perry, 1 April 1991.

that tanks and ships were going to become so vulnerable that they would be obsolete...These considerations were not relevant for planning the size of the Navy for the next year but they were appropriate considerations given the timescale of R&D for new ships, which takes up to ten years and more.¹⁰⁰

According to Perry such developments demanded a shift not only to an underwater Navy but away from the Navy altogether. Both as a result of the timescales and technologies involved, NATO's need for reinforcement and resupply required greater emphasis on airlift and pre-positioning of equipment. The US initiatives undertaken in these areas in the late 1970s, already discussed, were based largely on this analysis.

Notwithstanding the strong views of some US officials there was no consensus in NATO that the role of navies was precarious. Nevertheless, these concerns played a role in subsequent British decisions about the Royal Navy. One reason why Perry's view of the future was not more widely shared was lingering doubt about the unproven stealth technologies. Very little information about stealth was available. The US did not publicly acknowledge the existence of its stealth programme until August 1980. The disclosure was justified by leaks to the news media. Helping to show that Carter was supporting defence, Brown declared in February 1981 that 'In the face of those leaks, I believe it is not appropriate or

¹⁰⁰ Interview with William Perry, 1 April 1991.

credible for us to deny the existence of this programme.'¹⁰¹ However, NATO officials were well aware that senior Pentagon officials had grave doubts about the long-term role of surface ships. Discussions on this issue took place principally in the Council of National Armaments Directors (CNAD) and, most importantly, in executive sessions between the Armament Directors of the four main NATO powers. Britain's Chief of Defence Procurement, Sir Clifford Cornford, and the MoDs Chief Scientific Advisor, Sir Ronald Mason, were both involved in detailed discussions with Perry.¹⁰² Such discussions had been common since the 1960s. Britain and the US conducted many similar studies and frequently shared the results.¹⁰³ According to Perry, British and other NATO officials were 'subjected to a bombardment of opinions' on the vulnerability of surface ships.¹⁰⁴

The need for surface ships had certainly not been eliminated, as Perry acknowledged, at least in the foreseeable future. The difficulty was in linking specific fleet requirements to a strategy in which the role of the surface fleet was increasingly in doubt. The inability of naval planners to identify likely and specific threats directly

¹⁰¹ Brown quoted in Committee on Armed Services, House of Representatives, 96th Congress, second session, Leaks of Classified National Defense Information (3 Feb 1981), p. 1.

¹⁰² Interview with William Perry, 1 April 1991.

¹⁰³ Interview with Sir Frank Cooper, 24 April 1991.

¹⁰⁴ Interview with William Perry, 1 April 1991.

related to naval force goals, itself an indication of the flexibility and unpredictability of naval power, shifted the focus of the debate onto technology. Some drew distinctions between aircraft carriers and other surface vessels. An important difference was that the greater cost and military potential of aircraft carriers made them likely targets without making them significantly less vulnerable to Soviet missile attack. In the US, development of a Soviet anti-carrier concept led to strong support for smaller carriers (around 20-30,000 tons) among the defense reform movement. Reformers believed that 'the more we concentrate our naval air power into a small number of large, individually-capable ships, the greater our overall vulnerability.'¹⁰⁵ Naval officers continued to argue in favor of large carriers of the Nimitz class (90,000 tons) based on their ability to provide tactical air capability. Harold Brown took a balanced approach: 'I viewed the number of carriers that we needed as smaller than the Navy did.'¹⁰⁶ But he nevertheless proceeded with the development of two 58,000-ton carriers.¹⁰⁷ According to Brown, surface ships continued to perform an essential role as escorts: 'My view was that the Royal Navy's contribution would better be done by escort ships

¹⁰⁵ Hart, 'The U.S. Senate and the Future of the Navy,' p. 177.

¹⁰⁶ Interview with Harold Brown, 25 January 1991.

¹⁰⁷ Hart, 'The U.S. Senate and the Future of the Navy,' p. 177.

rather than carriers, but that they filled an important role in NATO's need for reinforcement and resupply.¹⁰⁸

A parallel debate was underway in Britain over the virtues of maintaining fewer highly capable ships or of building more, less advanced (i.e. 'cheap and cheerful') vessels.¹⁰⁹ The need to keep ship numbers up stemmed from the wide range of tasks required of the Royal Navy. Chief among these were the peacetime role of providing 'presence' and the wartime roles of ASW and escorting transatlantic shipping. The incentive to build highly capable ships was to maximize the fleet's performance in an increasingly technological wartime environment.¹¹⁰ Yet in a major war the Royal Navy would operate in conjunction with allied navies, particularly the US Navy, and emphasis on more capable ships risked leaving inadequate numbers to perform other important tasks requiring less sophisticated vessels.

Two key naval officers responsible for the shape of the fleet from 1979-81 were the Commander-in-Chief-Fleet, Admiral Sir James Eberle, and the Royal Navy Controller, Eberle's successor as CINCFLEET, Admiral Sir John Fieldhouse. Unlike some of their colleagues, both Eberle and Fieldhouse favoured

¹⁰⁸ Interview with Harold Brown, 25 January 1991.

¹⁰⁹ See, for example, John Moore, 'Both Britain and NATO have insufficient ships,' The Listener (8 Jan 1981).

¹¹⁰ See Brian Longworth, 'The Role of Surface Escorts,' Defence February 1984); Sir Terence Lewin, 'The Royal Navy: Present Position and Future Course,' Naval Review Vol. 67, No. 4 (October 1979).

a shift to a greater number of less capable (but still adequate) frigates. Eberle, while acknowledging the continuing serious Soviet threat at sea, and thus supporting the Admiralty Board's efforts to maintain the number of ships in the fleet, favoured shifting the quantity/quality balance in a proportion of new frigates towards quantity, by designing and building some cheaper and smaller ships. These could, in his view, still meet the operational requirement.¹¹¹ Likewise, Admiral Fieldhouse, who as CINCFLEET in 1981 put the smaller Type 23 frigate into the Navy programme, believed 'the Navy required a change in philosophy to maintain the minimum number of frigates available.'¹¹²

The logic underlying the need for such a shift in philosophy illustrated the seriousness of cost escalation for strategic planning. The spectrum of choice for new ships ran from the sophisticated Type 22 ASW frigate, which was then costing some £140 million, to the low capability Offshore Patrol Vessel at some £20 million. Eberle feared that if the original requirement aimed at a new ship in the middle bracket of capability costing some £80 million, then the natural processes of cost escalation would result in a ship which cost as much as the Type 22. At this price, the Royal Navy would not be able^{to} afford the necessary numbers; nor would the ship

¹¹¹ Interview with Admiral Sir James Eberle, 10 July 1991.

¹¹² Interview with Admiral of the Fleet Lord Fieldhouse, 24 July 1991.

have had any significant export potential. If, however, the aim was for a ship at the lower end of the price bracket, there was a good hope that one might end up with a capable ship at the middle of the price bracket that the Royal Navy and other navies could afford.¹¹³

Reliance on convoys in NATO naval strategy, stemming from the proven role of convoys in both world wars, provided an important rationale for keeping up ship numbers.¹¹⁴ According to Admiral Eberle, 'the number of escorts required for the merchant ship protection task forces us to look for the small, cheaper escort -- and I am convinced that such a ship can be built.'¹¹⁵ Abandonment of the convoy concept thus offered an opportunity rationally to reduce the surface fleet. However, this was unlikely to occur without the emergence of an alternative concept for reinforcement and resupply.

The timing of the 1981 defence review corresponded fortuitously with major changes in NATO techniques for seaborne reinforcement. The convoy concept had been subject to increasing debate as a result of technological advances and

¹¹³ Interview with Admiral Sir James Eberle, 10 July 1991; See also Raymond V.B. Blackman, 'UK Cost Effective Dilemma,' Navy International (March 1981).

¹¹⁴ For a detailed analysis of convoy strategy see M.B. Wignall, 'The Convoy System: Retrospect and Prospect, parts 1,2,3,' Journal of Naval Science (February/May/August 1983).

¹¹⁵ Admiral Sir James Eberle, 'The Atlantic Link,' Naval Forces Vol 4, No. 1, (1983), p. 39.

declining escort numbers.¹¹⁶ The shift in NATO convoy plans was not, however, a rejection of the convoy concept but rather an attempt to compensate for inadequate numbers of escort ships. Admiral Train, who initiated the shift, planned to bring reinforcements across the Atlantic

along the Tropic of Cancer very far South because of the Soviet naval aviation and as far away as possible from Soviet naval bases on the Kola Peninsula, making it difficult for Soviet submarines to get the convoys and their merchant ships and minimizing their time on station.¹¹⁷

Train estimated that Soviet submarines operating along the Tropic of Cancer would have only a few days on station before having 'to run the [allied ASW] gauntlet from there to get home.' The plan had the added advantage of encouraging the Soviets into basing their submarines and aircraft further forward, 'where NATO could get at them.'¹¹⁸

The change in routes had several consequences. The new route increased convoy transit time by four days. For this

¹¹⁶ See for example, A.W.J.W., 'Technology and Trade Protection: Have Recent Changes in Technology Invalidated the Convoy System?' Naval Review Vol. 67, No. 3 (July 1979); D.W. Waters, 'The Mathematics of Convoy,' Navy International (May 1978); Rear Admiral J.R. Hill, 'Submarine Attacks On Shipping,' Naval Forces Vol. III, No. III (1982); The debate continued throughout the decade. See Admiral Wesley R. McDonald, 'The Critical Role of Seapower in the Defence of Europe,' NATO's Sixteen Nations Vol. 29, No. 2 (Jan/Feb 1985); Eric Grove, 'The Convoy Debate,' Naval Forces No. 3 (1985); Desmond Wettern, 'The Paradox of Decline: Are Convoys the Only Alternative?' Sea Power (April 1989); Barry R. Posen, 'NATO's Reinforcement Capability,' Defence Analysis Vol. 5, No. 4 (December 1989).

¹¹⁷ Interview with Admiral Harry Train, 4 January 1991.

¹¹⁸ Ibid.

reason it took Train almost a year to convince NATO Defence Ministers to accept the new plan, which they finally did in late 1980. Second, in sending the ships South SACLANT would be unable to provide escorts until the ships reached the Massindi and Madeira islands off Portugal. At that point SACLANT would use all escorts at his disposal to protect the ships for the remainder of the journey to southeastern ports of the English Channel.¹¹⁹ Concentrated use of escort ships enabled them to be applied to greatest effect where they would be most useful; in areas where Soviet submarines could remain on station for some time. The new plan maximized the ratio of allied escorts to Soviet submarines, an important factor in the effectiveness of convoys. The new concept of defended sea lanes, in which Long Range Maritime Patrol Aircraft and attack submarines patrolled the transit route from Portugal, was to be applied in conjunction with escort protection along this last leg of the journey.¹²⁰

Chapter eight analyses in detail the logic underlying planned cuts in the Royal Navy. However, to underscore the link between NATO and British strategic thinking it should be stated here that the revised convoy plan offered a strategic rationale for saving money by reducing the size of the Royal Navy's surface fleet while reshaping Britain's force posture

¹¹⁹ Ibid.

¹²⁰ Interview with Admiral Harry Train, 4 January 1991; See also Desmond Wettren, 'Defended Lanes v Convoys,' Navy International (December 1981).

to reflect orthodox NATO priorities. According to Train, who discussed the review with Nott on several occasions, Nott seized on the shift in NATO strategic thinking to reduce the Royal Navy.¹²¹ Certainly, in announcing the defence review Nott justified reductions in the surface fleet by stating that 'the concept of "convoys" as normally expressed, is not quite the way in which it will happen next time around.'¹²² As recently as the 1981 Defence Estimates the government had expressed confidence that 'the conventional defence of Central Europe depends crucially on transatlantic reinforcement and resupply.'¹²³ The 1981 White Paper, on the other hand, omitted any mention of transatlantic reinforcement and resupply. Collapse of this priority was the rationale for cutting the Royal Navy.¹²⁴

OUT-OF-AREA CAPABILITIES

An important secondary role of the Royal Navy -- its role outside of the NATO Treaty area -- failed to protect it from cuts in 1981. Several out-of-area crises in late 1979 and 1980 held out the prospect of an increased role there for the

¹²¹ Interview with Admiral Harry Train, 4 January 1991.

¹²² John Nott, Hansard (23 June 1981), col. 212.

¹²³ Cmnd 8212-I, Statement on the Defence Estimates, 1981, para 329.

¹²⁴ See also James Cable, Britain's Naval Future (Annapolis: Naval Institute Press, 1983), p. 108.

Navy but this failed to materialize. These crises included the Iranian revolution, the Iran-Iraq War, and the Soviet invasion of Afghanistan.¹²⁵ The most significant British military response to any of these crises was the October 1980 decision to establish a patrol of two Royal Navy vessels in the Strait of Hormuz. The purpose of this deployment, which later came to be known as the Armilla Patrol, was to protect merchant shipping on the high seas. The use of naval power in such a traditional role early in the life of the government encouraged those favouring a strong Royal Navy. The Conservative Government aspired to reassert Britain's prominent role in the wider world, which it believed would enhance Britain's status in the European Community. The policy was succinctly put by Foreign Secretary Lord Carrington in April 1981:

Britain's experience in the wider world, and the network of contacts which our language, kinship, commerce and history have given us with this wider world are part of the dowry we brought to our marriage with Europe.¹²⁶

The new approach was also conveyed by the Prime Minister in comments on the Persian Gulf. In a major policy speech she said

¹²⁵ H.Stanhope, Times (21 Jan 1980); The US revealed that there were also allied plans to protect Yugoslavia, if necessary, due to the potential Soviet threat there following Tito's death. 'US to send 1,800 Marines to Gulf of Oman,' Atlantic News (15 Feb 1980); Diplomatic Staff, 'Pledge to Yugoslavs,' Daily Telegraph (16 Jan 1980).

¹²⁶ Speech by Lord Carrington at Stuttgart, 24 April 1981.

there was a period when we were exhausted and interested only in our past. Whatever the reason, that period is over now. We are making a fresh start. We are once again active and energetic in the Gulf.¹²⁷

A focal point for discussions about events beyond the NATO area, particularly the Gulf, was the US proposal for a Rapid Deployment Force. President Carter announced his plan for an RDF in a televised speech to the nation on 1 October 1979. The force was developed in response to events in the Middle East and South Asia and was intended to be mobile and 'capable of responding to contingencies anywhere in the world.'¹²⁸

The British Government indicated an early interest in improving Britain's out-of-area defence capabilities, including participation in an RDF. The events surrounding the expression of this interest exemplify the imbalance between expectations for defence and the obstacles to realizing government objectives. Improving Britain's ability to operate militarily beyond the NATO area proved impossible in a period of financial constraint. Otherwise, out-of-area commitments threatened to impinge on NATO-allocated resources. There was simply no room in the defence programme for additional commitments.

As mentioned, the Mason review significantly reduced

¹²⁷ Margaret Thatcher's speech prepared for delivery to the Diplomatic and Commonwealth Writer's Association, Prime Minister on Foreign Affairs, New Zealand House, 8 April 1981.

¹²⁸ Congressional Budget Office, Rapid Deployment Forces: Policy and Budgeting Implications (Washington, DC: Congressional Budget Office, February 1983), p. 1.

Britain's out-of-area capability by cutting UK transport forces by half. The Thatcher Government hoped to reverse the trend initiated by the withdrawal from East of Suez by improving the ability of the armed forces to operate on a global basis:

Events in Africa since 1976 and Iran and Afghanistan over 1979-1980...led to a reexamination of the impact on European security of events outside Europe, resulting in the Government's undertaking...to consider improvements in the Service's worldwide capability.¹²⁹

The 1980 Defence Estimates included a separate chapter on 'Wider Defence Interests.' There the government declared that although Britain's defence resources

must be concentrated on our key NATO tasks...our defence policy should also be designed to help protect, wherever possible, our own and more general Western interests over an even wider area, including those outside the NATO area.¹³⁰

The alliance was increasingly sensitive to the possibility that interests of member countries beyond the NATO area could lead to a diminution of alliance resources. In December 1980, NATO Defence Ministers acknowledged that 'events outside NATO boundaries can bear directly on the security of all member countries.'¹³¹ They noted US plans for a Rapid

¹²⁹ D.Greenwood and J.Drake, The United Kingdom's Current Defence Programme and Budget (ASIDES No. 17, spring 1980), pp. 6-7.

¹³⁰ Cmnd 7826-I, Statement on the Defence Estimates, 1980, para 401.

¹³¹ Final Communique of the NATO Defence Planning Committee, (10 Dec 1980), para 9.

Deployment Force and agreed the alliance should prepare for a contingency in which the US or another NATO country might divert NATO resources to protect interests outside the NATO area.¹³² Nevertheless, they stopped short of endorsing the RDF concept.

The British Government was more enthusiastic about the development of out-of-area capabilities than the other European members of NATO. This enthusiasm stemmed partly from the government's broad strategic approach, and partly from the attraction of out-of-area involvement as an alternative to Britain's traditional 'East of Suez' role. According to Pym

the strategic frontiers of Europe lie far beyond the NATO boundaries and...it is necessary for us and our allies to do what we can to be able to act in a military capacity if circumstances make that desirable.¹³³

British support for the US Rapid Deployment Force was formally extended in October 1980. Pym described it as 'a valuable contribution to deterring further Soviet encroachment' and announced Britain's interest in enhancing its own rapid deployment capabilities.¹³⁴

During a visit to the US following the election of President Reagan the Prime Minister reiterated government approval of American efforts to develop a defence policy

¹³² Ibid., para 11; for an analysis of the RDF and NATO see Peter Foot, 'The Rapid Deployment Force and NATO', ADIU Report Vol. 3, No. 2 (March/April 1981).

¹³³ Francis Pym, Hansard (28 Oct 1980), col. 182.

¹³⁴ Francis Pym, Hansard (28 Oct 1980), col. 181.

beyond the Atlantic. Thatcher declared: 'As a loyal ally, Britain will help to the very maximum of her ability.'¹³⁵ Discussing her US visit in the House of Commons the Prime Minister said she had discussed the possible creation of a rapid deployment force with President Reagan and that 'the matter will be the subject of consultation.' Thatcher stated, moreover, that she had

made it clear that if such a force were created the United Kingdom would be ready to contribute to it, in the same way as...we have already stationed naval units in the Gulf in response to the situation arriving from the Iran-Iraq war.¹³⁶

These plans were tempered by the political response of other states and, most importantly, the high cost of the proposal. The most negative reaction to Britain's endorsement of the RDF concept came from the Gulf States. For over a year the government had sought to improve relations with the Gulf States, for political and commercial reasons. Douglas Hurd, then a junior Foreign Minister, summarised the outcome of this effort in the following way: 'We are probably in closer touch with the Gulf States than at any time since we left the area in 1971.'¹³⁷ Indeed, prior to Thatcher's visit to the US The Observer reported that 'the Gulf States have more or less

¹³⁵ Speech by Prime Minister Margaret Thatcher on receiving the Donovan Award at a dinner in New York, (28 Feb 1981), p. 6.

¹³⁶ Margaret Thatcher, Hansard (2 March 1981), cols. 19-20.

¹³⁷ Interview given by Mr. Hurd, Minister of State, FCO, to the BBC Arabic Service, London Press Service, 3 March 1981.

authorized Britain to speak for them in the ongoing debate with the United States on Gulf security.¹³⁸

Shortly after Thatcher's endorsement of the RDF concept British policy was 'clarified.' Anglo-American discussions reportedly focussed on British efforts to dissuade the Reagan Administration from seeking permanently to station US forces in the Gulf. Instead, the British endorsed an 'over-the-horizon' RDF capability.¹³⁹ Subsequent British statements emphasized two points. The consultative nature of future proposals was stressed. Foreign Secretary Carrington told the House of Lords: 'I do not believe our neighbors and friends in the Gulf need have any fear that any action will be taken in their defence for which they do not ask...This is a matter for consultation.' Hurd denied that Thatcher's endorsement of an RDF concept was a new development:

There was no announcement. What Mrs. Thatcher said was that an RDF had been under discussion for a long time inside the American Administration. But if it turned out that such a force was going to be formed, we would consider taking part in it. But the idea isn't confined to the Gulf -- it is to any part of the world where there might be Soviet aggression.¹⁴⁰

Consultation would thus involve local states prior to the application of force in a given area. Moreover, British involvement in an RDF also remained at the consultation stage.

¹³⁸ P.Seale, Observer (27 Feb 1981).

¹³⁹ P.Seale, Observer (27 Feb 1981).

¹⁴⁰ Interview given by Mr. Hurd, Minister of State, FCO, to the BBC Arabic Service, London Press Service, 3 March 1981.

Second, statements clarified that troops would not be stationed in the Middle East. This emphasis reflected the degree of misunderstanding by many Third World states about the RDF concept. The government faced criticism over its endorsement of the RDF plan from India, among others. In a four day visit to India in April Prime Minister Thatcher openly advocated increased western attention to regional security. She defended both the West's decision to sell arms to Pakistan and to develop an RDF. India's concern was largely based on the proximity of Diego Garcia, which would be an important staging area.¹⁴¹ Due to the nature of Indian concerns about the RDF Britain's clarification had little impact.

In the Middle East, however, the clarification dispelled many anxieties.¹⁴² Only the United Arab Emirates re-stated their rejection of the RDF plan. Their concerns were not stated publicly, however, and were not an obstacle to the purchase of 35 Hawk trainer aircraft worth over £100 million.¹⁴³ Oman expressed no interest in having a western force on its territory but accepted, in principle, the need for such a capability to counter Soviet aggression.¹⁴⁴ Their sensitivity to the Soviet threat was particularly acute

¹⁴¹ C.Smith, Observer (19 April 1981).

¹⁴² R.Evans, Financial Times (21 April 1981).

¹⁴³ M.Woollacott, Guardian (23 April 1981).

¹⁴⁴ J.Wightman, Daily Telegraph (24 April 1981).

because of their proximity to communist South Yemen. For their part the Saudis had few problems with the clarified British policy.¹⁴⁵

No amount of policy refinement could avoid the fact that participation in an RDF would be expensive, however successful the policy in political terms. A full-scale RDF, even on a small scale would require separate staff and headquarters -- both unaffordable expenses. As a result, it was more feasible for Britain to modify existing forces to cope with out-of-area contingencies.¹⁴⁶ Existing rapid deployment capabilities were limited and their purpose had been spelled out in general terms only. They consisted of one spearhead battalion on 72 hours' notice at all times. The responsibility to stay on such short notice rotated between several battalions. Additional forces could be drawn from the Eighth Field Force, stationed in the UK, which included a parachute battalion, and British forces assigned to NATO's Allied Command Europe mobile force. Logistical support for the force would be provided by a fleet of VC10s and Hercules aircraft with lift capability to move the battalion to 'any necessary part of the world.'¹⁴⁷

¹⁴⁵ M.Woollacott, Guardian (21 April 1981).

¹⁴⁶ D.Fairhall, Guardian (3 March 1981); See also Keith Hartley, 'Can the UK Afford A Rapid Deployment Force?' RUSI Journal (March 1982).

¹⁴⁷ John Nott, Hansard (17 March 1981), col. 187; for a brief history and critical analysis of Britain's rapid deployment capabilities see Bruce George and Simon Davis, 'Rapid Deployment and Reorganization,' Atlantic Community Quarterly (Fall 1987)

According to Hurd, the 1980 Defence Estimates did not mean that Britain would adopt another major commitment. Rather, they meant 'we were planning to have rather greater resources available for use outside the NATO area if need be'.¹⁴⁸ Unless these resources were increased Britain's rapid intervention capability would remain token in comparison with that of the US.

CONCLUSION

The British Government showed increasing interest in conventional defence in the years leading up to 1981. Policies adopted in the late 1970s suggested that major across-the-board improvements in British defence would be forthcoming. The strategic environment justified maintaining the full range of existing defence capabilities. To do so required significant force improvements. Despite financial constraints in 1978 the government appeared to have taken the initial decision necessary to enable these improvements. Political pressures from NATO and the US fortified the Labour Government's commitment to defence spending increases. The Soviet Union's ability to inflict a conventional attack on the UK home base justified large scale improvement of UK air defences. Although this represented a significant departure

¹⁴⁸ Interview given by Mr. Hurd, Minister of State, FCO, to the BBC Arabic Service, London Press Service, 3 March 1981.

from the established UK defence posture both political parties strongly supported it. Conservative attitudes to defence appeared to require no fortification. The Conservative Government's emphasis on defence was rivalled only by its emphasis on law and order, and a strong economy. Not only did they launch new improvements in air defence and the NATO contribution but they also contemplated accepting an expanded commitment beyond the NATO area.

The Thatcher Government was at first uninterested in establishing rigid priorities between different programmes within the defence budget, not least because it would harden divisions within the party between navalists and continentalists. Had across-the-board defence expansion been economically feasible it very likely would have continued. However, the extent of financial pressures and the resource needs of the overfull defence programme led to the conclusion that defence, while still a priority, had to be subject to greater discipline. Had the pressures to cut defence not been great it would have been tempting to engage in small-scale cuts. Such 'salami- slicing' would have had the least damaging effect on the individual service programmes, though it inevitably would have reduced Britain's defence performance. Due to the scale of savings required salami tactics were not an option and the government accepted the need to impose priorities on the defence programme, not unlike those imposed on budget priorities as a whole.

The above analysis suggests several reasons why the Royal Navy was particularly vulnerable in the early 1980s to determined cost-cutting efforts. Politically, it would have been extremely difficult to cut the continental commitment to any significant degree. Britain's increased vulnerability to air attack also made home defence sensitive for political as well as strategic reasons. Most importantly, the Royal Navy was at a crossroads in a highly complex technological and strategic environment. Advanced technology weapons and reconnaissance satellites posed a serious threat to the survivability of surface vessels. Reinforcement and resupply of Europe remained a vital interest, but in realistic scenarios of East-West war reinforcement by sea was increasingly thought to have little role to play. US policy and naval strategy was already changing, partly in response to this analysis. The Royal Navy, for whom this shift was far more momentous, faced extremely difficult decisions.

Of greatest importance to non-naval planners, due to the military balance in Europe, was a Soviet surprise attack. Since in a surprise attack NATO would depend most heavily on existing forces in Europe and those arriving by transport plane shortly after the conflict had begun, measures to boost the number of troops and war material available on short notice were the principal focus of NATO's long-term military planning. To the extent that these measures were successfully implemented there was a declining need for

seaborne reinforcement. ^{is}Insufficient numbers of escort vessels had already precipitated a major shift in NATO convoy plans; this shift offered a rationale for further reduction in the Royal Navy's surface fleet.

CHAPTER FIVE

Polaris Replacement: The Trident Decision, 1979-80

The nuclear deterrent was the Conservative Government's top defence priority. Whereas a few in the Labour Government had agonized over the decision of whether to replace the ageing deterrent force of four submarines carrying Polaris A3 missiles, the Conservative Government decided promptly on replacement. In July 1980 Francis Pym announced that a submarine force of Trident C4 missiles would be purchased from the US for an estimated £4,500-5,000 million. Within two years further decisions led to the purchase of the even more advanced, and costly, Trident D5.¹

Although Trident was to be purchased under highly favourable terms, the cost and scale of this decision had a major impact on Britain's overall defence programme. However, it did not bring about the 1981 defence review.² The

¹ Ministry of Defence, The United Kingdom Trident Programme, Defence Open Government Document 82/1, (DOGD 82/1), p. 6, para 27. Nott's figures were contested by David Greenwood, The Trident Programme, (ASIDES paper no. 22, 1982). See especially pp. 47-49; By June 1991 the actual cost of the programme after ten years was 17 per cent lower than originally forecast. Eighth Report from the Defence Committee, 1990-91, The Progress of the Trident Programme (HC 286), 19 June 1991, para 4.

² See David Boren, 'The Trident Missile and Britain's 1981 Defence Review,' in Richard Aldrich and Michael Wright, (eds), British Security Policy Since 1945 (London: Frank Cass, 1992); Lawrence Freedman, 'Britain: The First Ex-Nuclear Power?' International Security Vol. 6, No. 2 (Fall 1982).

incidence of expenditure on all major defence projects requires careful monitoring to ensure that the largest programmes do not peak simultaneously. Planned spending on the Trident C4 would have peaked in the late 1980s. Yet the anticipated shortfall in defence resources which prompted the review was expected to reach serious proportions by 1984.³ Moreover, even before the review was undertaken Nott had decided, in principle, that the Trident D5 would be a more cost-effective purchase. Even though it cost more, in absolute terms, than the C4, the D5 was still in development thus pushing Trident's peak spending years into the 1990s, even farther from the period of greatest concern to ministry officials in 1981.

The controversial nature of the Trident decision is not in doubt but, despite public perceptions, Trident was not viewed as the marginal programme in the defence budget. First, the high cost of the strategic deterrent notwithstanding, it was the least expensive 'pillar' of British defence to maintain.⁴ This fact, and the priority placed on maintaining an independent means of deterring attack

³ Interview with Sir John Nott, 19 November 1991.

⁴ The total capital cost of Polaris in September 1967 prices was £330 million. Running costs to 1979 remained under 2 per cent of the annual defence budget, making it an exceptionally cost-effective pillar of British defence. 'Memorandum submitted by the Minister of Defence', para 3-4, in Sixth Report from the Expenditure Committee, 1978-79, The Future of the United Kingdom's Nuclear Weapons Policy (HC 348), 3 April 1979.

against the UK gave the force a top claim on defence resources. Second, cost alone is an inadequate basis for identifying marginal programmes. The Tornado aircraft claimed a larger percentage of the defence budget during its peak spending years than Trident, but no one suggested that Tornado brought about the 1981 review. Marginal programmes can only be determined by reference to a government's economic, political and strategic objectives, which is the main reason defence reviews have traditionally been fraught with tension between departments and within the Ministry of Defence.

Nor was Trident the only, or even the main, reason why the 1981 cuts fell on the Royal Navy. As discussed in the previous chapter, the Royal Navy's operational concept was the least closely tied to NATO's Central Region, and questions about the naval programme arose before Trident appeared in the Navy's budget. Purchasing Trident may have increased the scale of the naval cuts, but only because it was deemed to be a more effective use of defence funds than spending on the surface fleet. As will be discussed in chapter six, of far greater immediate consequence for the budget than Trident, was the short-term spending crisis of 1980, which the Treasury, Defence Secretary, and Prime Minister all became convinced was symptomatic of a serious long-term problem in financing the defence programme. It was this analysis which prompted the 1981 review, and by reinforcing the government's determination to establish defence priorities, empowered the central staffs

to conduct the review. This, more than any single weapons programme, no matter how costly or controversial, was the decisive factor in the review's conduct.

The purpose of this chapter is to examine the Trident decision as another way of placing the 1981 review in its political and strategic context. Close analysis of the Trident decisions demonstrates the extent to which financial considerations pervaded every level of decision-making for defence. Ultimately, it was the dual preoccupation with politics and finance which prompted the government to turn to the central staffs for a coherent view of defence priorities.

THE TIMING OF THE DECISION

The need to consider replacing the highly cost-efficient Polaris force was recognized by officials in the Callaghan Government in the late 1970s. In January 1978 Callaghan authorized the Ministry of Defence to undertake two studies on the issue of Polaris replacement. The first, prepared by a working group under Sir Antony Duff, Deputy Under Secretary at the Foreign Office, covered the political and military implications of a third-generation nuclear deterrent. The second, prepared by a technical panel under Sir Ronald Mason, the MoD's Chief Scientific Adviser, was on potential delivery

systems.⁵ The reports were considered by a small ad hoc Cabinet committee chaired by Prime Minister Callaghan and composed of Chancellor of the Exchequer Denis Healey, Foreign Secretary David Owen, and Secretary of State for Defence Fred Mulley. Together this committee handled defence issues deemed too sensitive for the Cabinet's Overseas and Defence Policy Committee (OD).⁶

The existence of these study groups and of the special Cabinet committee was a closely guarded secret, even within the government itself. Nuclear decision-making in Britain had traditionally been conducted in a highly secretive manner. Beginning in the late 1970s there was, in addition, division over nuclear policy within the Labour Party and Cabinet. The 1974 Labour manifesto included the renunciation of 'any intention of moving towards a new generation of strategic nuclear weapons.'⁷ Nevertheless, Callaghan and his special committee had found it necessary to continue with a programme, code-named Chevaline, to improve the Polaris warhead,

⁵ P.Hennessy, Times (4 Dec 1979); Lawrence Freedman, Britain and Nuclear Weapons (London: Macmillan, 1980), p. 60; Colin McInnes, Trident: The Only Option? (London: Brassey's, 1986), p. 14.

⁶ P.Hennessy, Times (4 Dec 1979).

⁷ The Labour Party, 'Britain Will Win with Labour,' in The Times Guide to the House of Commons, October 1974 (London: Times Books, 1974), p. 311.

making it less vulnerable to anti-ballistic missiles.⁸

Strictly speaking, Chevaline did not constitute a 'new generation of strategic nuclear weapons' since it was the modification of an existing system. In parliament, government spokesmen responded to questions about Polaris improvement by declaring that the government was simply 'maintaining the effectiveness' of the British deterrent.⁹ Government language was intended to reassure the party that policy was consistent with electoral pledges. Labour depended on a delicate alliance with the Liberal Party to remain in power and sought to avoid a major political row. Doubting whether a row would be avoidable if Michael Foot, Deputy Leader of the Labour Party, or other left-leaning members of Cabinet participated in nuclear deliberations, they were excluded.¹⁰

The timing of the Polaris replacement decision depended on the estimated 20-year lifespan of the force's Resolution-class nuclear ballistic missile submarine (SSBN) hulls. Unlike many other parts of submarines hulls cannot be re-

⁸ On Chevaline see Freedman, Britain and Nuclear Weapons, pp. 41-52; Ninth Report from the Committee on Public Accounts, 1981-82, Chevaline Improvement to the Polaris Missile System, (HC 269), 17 March 1982; and McInnes, Trident, pp. 4-10.

⁹ Freedman, Britain and Nuclear Weapons, p. 55.

¹⁰ In 1983 The Times reported that Foot had a tacit agreement with first Harold Wilson and then James Callaghan that he would be excluded from discussing nuclear issues. J. Barry, Times (13 Feb 1983).

placed, and with age the risk of metal fatigue increases to the point that the boat must be decommissioned and replaced. As HMS Resolution had entered service in 1968 a replacement was thought to be required around 1988. Decommissioning one boat would in theory have left Britain's three remaining SSBN's available to provide deterrence. However, because the boats needed both regular maintenance and long refits the guarantee of at least one boat always on station depended on a minimum force of four boats.¹¹ Since a reduced force of three boats would render the British deterrent unreliable, the date of retirement of the oldest SSBN was the natural focal point for discussion of a possible Polaris successor.¹²

Public discussion of Polaris replacement began in 1977, and initially revolved around the Royal Institute of International Affairs, then sponsoring a project studying the future of the British nuclear deterrent. The Institute's Deputy Director, Ian Smart, published papers on the implications of Polaris replacement.¹³ Smart's analysis appeared to have

¹¹ 'During these long re-fits the safety system is checked, the nuclear reactor core replaced and a certain amount of stabilising work undertaken.' The complete re-fit operation takes 18-20 months and more as the age of a submarine increases. Freedman, Britain and Nuclear Weapons, pp. 34-5.

¹² Ian Smart, 'British Foreign Policy to 1985: Beyond Polaris,' International Affairs, Vol. 53, No. 4 (October 1977), pp. 559-60.

¹³ Ibid, and Ian Smart, The Future of the British Nuclear Deterrent: Technical, Economic and Strategic Issues, (Royal Institute of International Affairs, 1977).

been based on thorough MoD briefings, but the government refused direct cooperation in the project and ordered civil servants not to participate in Smart's study group. One important conclusion was that due to careful husbandry of the Polaris force, wear on the boats' hulls had been minimized and the operational life of the force could safely be extended five years to the early 1990s.¹⁴ Given the time required for research, development and construction of a major weapon system, which Smart estimated in this case to be twelve years, a decision on Polaris replacement would be required by 1980.

Outwardly, the Callaghan Government could not share Smart's sense of urgency about a decision regarding Polaris replacement. Political considerations had been behind the decision to end official participation in the Smart study. According to Secretary of State for Defence Fred Mulley, in March 1978 the government believed that

the existing Polaris fleet will be effective for many years and, that being the case, there is no need to take a decision on whether any other arrangements would have to be made.¹⁵

However, low level talks on the sale of Trident to Britain were ongoing from early in the Carter Administration and maybe as early as the Ford Administration: 'The Wilson Government was exploring its options. Internally, the issue was being

¹⁴ Smart, 'Beyond Polaris,' p. 559.

¹⁵ Frederick Mulley, Hansard, vol 946, (21 Mar 1978), col. 1315.

discussed at the lower levels of the US Government virtually as soon as President Carter took office in 1977.¹⁶

Government military advisers had gone to Callaghan in early 1978 to advise that due to long lead times in building replacement system, a decision would be necessary in 1980. The studies that Callaghan authorized had 'strict and limited' terms of reference specifying that 'no decision on the future of the deterrent would be needed during the lifetime of the present Parliament.' Although the study groups were given one year to report they submitted their analyses eight months later, in November 1978.¹⁷

That month the Cabinet ad hoc committee met twice to consider Polaris replacement. No decision was taken and only a minimal consensus emerged: a decision would be required in late 1981 and, following the advice of the Chief Scientific Adviser, in the event of replacement a submarine-based system would be given top consideration.¹⁸ During Prime Minister's Question Time three months later, Callaghan announced that a replacement decision 'would need to be taken in the next two years.'¹⁹

¹⁶ Interview with Walter Slocombe, 10 January 1991.

¹⁷ James Callaghan, Time and Chance (London: Collins, 1987), p. 553.

¹⁸ Freedman, Britain and Nuclear Weapons, p. 61; Mason's Trident recommendation was popular with the Navy. His recommendations in 1981 were to be at least equally unpopular.

¹⁹ James Callaghan, Hansard, (16 Jan 1979), col. 1500; See also Callaghan, Time and Chance, p. 553.

The time was needed by the Labour leadership to prepare the party for such a potentially divisive decision. The Labour Manifesto for the 1979 election was carefully modified to ease the political burden on a Labour Government deciding to replace Polaris but in the event the election shifted this burden to the Conservatives.²⁰ The Conservative Party came to power committed to maintaining the British nuclear deterrent.²¹ Prime Minister Thatcher quickly established a secret Cabinet subcommittee of her own, MISC 7, whose top priority was Polaris replacement. The group included Thatcher, Home Secretary William Whitelaw, Chancellor Geoffrey Howe, Defence Secretary Francis Pym and Foreign Secretary Lord Carrington. Amended versions of the Duff and Mason reports were soon made available and consideration of replacement options was rapidly underway.²²

RATIONALES FOR THE DETERRENT

²⁰ The Labour Manifesto reiterated Labour's belief that renunciation of nuclear weapons was the 'best course,' but also stated it was essential that a decision follow a 'full and informed' debate. See Labour Party, 'The Labour Way is the Better Way,' in The Times Guide to the House of Commons, May 1979 (London: Times Books, 1979), p. 308. The Manifesto thus held out the prospect for a change of policy; See also Freedman, Britain and Nuclear Weapons, p. 59.

²¹ Conservative Party, 'The Conservative Manifesto, 1979' in The Times Guide to the House of Commons, May 1979, p. 293.

²² The committee also considered the issue of NATO's long-range theatre nuclear force modernisation. See Freedman, Britain and Nuclear Weapons, p. 62; McInnes, Trident, p. 16; and P.Hennessy, Times (4 Dec 1979).

Although the Thatcher Government made its decision to acquire Trident in secret, curtailing the information available even to the full Cabinet, it still had to justify its policies in Parliament. The Government had to expound a basis for possessing the deterrent compelling enough to warrant the large expenditures which major weapons systems inevitably entail, but which were particularly high in the case of Trident. Historically, British thinking about nuclear weapons has given rise to several alternative reasons for the British nuclear deterrent: national prestige, influence with allies (mainly the US), coverage of Soviet targets of primary interest to Britain, insurance against the collapse of NATO or unilateral termination of the US security guarantee, and as a contribution to NATO defence.²³ Not all of these grounds for a deterrent are mutually exclusive, nor does a government's public emphasis on one preclude the existence of a 'private' rationale which the government chooses not to discuss openly.²⁴

The basis for Britain's nuclear deterrent was the 1962 Nassau Agreement which ended an unhappy period in Anglo-American relations by providing for the sale of Polaris

²³ See Peter Nailor and Jonathan Alford, The Future of Britain's Deterrent Force, International Institute for Strategic Studies, Adelphi Paper No. 156, (Spring 1980), pp. 6-8.

²⁴ Lawrence Freedman, Martin Navias, Nicholas Wheeler, Interdependence in Concert: The British Rationale for Possessing Strategic Nuclear Weapons, Nuclear History Programme Occasional Paper 5, (University of Maryland, 1989).

missiles to Britain.²⁵ The agreement specified that the resulting missile force would be assigned to SACEUR, but also stipulated that Britain could use the force for national purposes 'when supreme national interests were at stake.'²⁶ Although the agreement justified representation of Britain's deterrent force as a contribution to NATO, by preserving the force's operational independence the agreement did not preclude the existence of private rationales of prestige, influence or insurance against an uncertain future. Bearing in mind the existence of both private and public reasons for the deterrent, some version of the above rationales has informed the policy of successive British governments since the 1950s and the Thatcher Government was no exception.²⁷

The Thatcher Government's public rationale for maintaining the British deterrent did not initially differ from the formula adopted by the Wilson Government in the mid-1960s and maintained by subsequent governments.²⁸ According to this

²⁵ See Richard Neustadt, Alliance Politics (New York: Columbia University Press, 1970); Lord Harlech, 'Suez Snafu, Skybolt Sabu,' Foreign Policy, No.2, Spring 1971; Peter Naylor, The Nassau Connection, (London, HMSO, 1988); Cmnd 2108, Polaris Sales Agreement, 6 April 1963, Treaty Series No. 59 (1963).

²⁶ Cmnd 1915, Bahamas Meeting, December 1962: Text of Joint Communique, (London: HMSO, 1962).

²⁷ A.J.R. Groom, 'The British Deterrent,' in John Baylis, (ed), British Defence Policy in a Changing World (London: Croom Helm, 1977).

²⁸ Freedman, 'Britain: The First Ex-Nuclear Power?,' p. 92.

formula, the British nuclear force contributed to NATO deterrence by making Britain a 'second-centre' of nuclear decision making and thereby increasing the uncertainty of Soviet military planners, who might calculate that under certain conditions the US would not respond to the use of Soviet force in Europe with nuclear weapons. Under the same conditions, however, the Soviets could not be sure Britain and France would show the same restraint.²⁹ Pym stressed that Britain's role as a second-centre was unique since its nuclear forces were committed to NATO, unlike those of France. He further argued that terminating this contribution, which had been maintained for 'a third of a century,' would be 'an act of grave irresponsibility.'³⁰

The main benefit of the second-centre formula was political: it enabled the government to argue in favour of a nuclear deterrent with operational independence but to refrain from explicitly expressing doubts about the US commitment to NATO security. Pym did this by declaring Britain had full confidence in the US commitment, but that Soviet doubts about US credibility necessitated a British second-centre.³¹ Pym's Labour predecessor, Fred Mulley, believed it 'important to consider whether it was right that

²⁹ Andre Beaufre, 'Sharing Nuclear Responsibilities: A Problem in Need of A Solution,' International Affairs Vol. 31, No. 3 (July 1965).

³⁰ Francis Pym, Hansard, (24 Jan 1980), col. 680.

³¹ Francis Pym, Hansard (24 Jan 1980), cols. 678-9.

France...should become the only European power with a completely independent nuclear power.'³² Pym rejected outright the traditional argument that Britain required nuclear weapons for reasons of national prestige or to prevent France from being the only European nuclear power.³³ Pym's successor, John Nott, also maintained the second-centre argument, until he sought to justify the large expenditure required to purchase the Trident D5. At that time he declared that the basis for Britain's need to possess an independent deterrent was to ensure that Britain was capable of attacking the Soviet Union 'if the United States backed away and Britain had no further card to play if the Russians raised the stakes.'³⁴

Pym's explanation of the government's rationale for maintaining the British nuclear deterrent came at a time of mounting pressure on the government to debate nuclear weapons policy, not only because of the pending Polaris replacement decision but also because of NATO's 1979 dual-track decision on the deployment of intermediate-range nuclear weapons in Europe. Pym maintained in his statement of December 1979 on NATO's theatre nuclear force modernization that the government had not yet taken a decision about Polaris replacement and

³² Fred Mulley, Hansard, (24 Jan 1980), col. 702.

³³ 'There is no question of prestige or status.' Francis Pym, Hansard (15 July 1980), col. 1249.

³⁴ John Nott, Hansard (3 Mar 1981), col. 217.

expressed his interest in a full nuclear debate.³⁵ Pym's January 1980 statement on the deterrent was a historical landmark: the first government-sponsored parliamentary debate on nuclear policy in fifteen years.³⁶ Negotiations with the US over Trident were still underway and the government delayed announcing its preferred Polaris replacement until after signing final agreement. According to Pym, the details of the sales agreement had not been agreed until July 1980.³⁷

REPLACEMENT OPTIONS

Replacing Polaris involved decisions about the launch platform, the delivery vehicle, and whether the system should be built independently or in cooperation with France or the US. The arguments for and against alternative replacement systems revolved around survivability, reliability and, not least, cost. The technical

³⁵ Francis Pym, Hansard Vol 975 (13 Dec 1979), cols. 1548-9, 1551-2.

³⁶ The previous one was on 16 and 17 December 1964 in the context of a debate on foreign policy. See Hansard Vol. 704 especially (16 Dec 1964), cols. 415-443; According to Wilson this debate had 'marked the end of a long chapter of sterile argument about the so-called independent deterrent before and since the [1964] election.' Harold Wilson, The Labour Government, 1964-70 (Middlesex: Penguin, 1974), p. 87; see also pp. 85-88.

³⁷ Interview with Lord Francis Pym, 11 June 1991.

difficulties and cost escalation encountered in the Polaris Improvement Programme (Chevaline) revealed the risks of developing a strictly national system. Between 1972 and 1980 Chevaline programme costs escalated by over 300 per cent.³⁸ Once Polaris had been phased out of US service in 1981 the need to develop production lines, hitherto only in the US, further highlighted the expense of maintaining a system unique to the UK. Consequently, the Ministry of Defence placed a high priority on commonality with the US.

Launch Platforms

Choosing the launch platform was the least controversial aspect of the replacement decision. There was wide agreement that a sea-based deterrent was optimal. The range of possible options included land-, air-, and sea-basing, but Britain had effectively terminated its interest in land-based missiles with its 1960 cancellation of the silo-based Blue Streak missile due to its vulnerability to surprise attack.³⁹ An aircraft-based deterrent was vulnerable to a Soviet first strike because it depended on airfields which were well-known and easy targets for Soviet forces,

³⁸ HC 296, Chevaline Improvement of the Polaris Missile System, pp. v-vi.

³⁹ John Simpson, The Independent Nuclear State: The United States, Britain and the Military Atom (London: Macmillan, 1983), p. 154.

particularly given the state of UK air defences and recent Soviet air force improvements. Operation of a permanently airborne deterrent was a costly means of reducing this dependence.⁴⁰ While still expensive, basing the deterrent at sea had the dual advantage of keeping it away from Britain's population centres and of improving the deterrent's survivability because submarines at sea were difficult to locate, track and destroy.

One proposed way of offsetting the expense of submarine basing was to make the boats dual-purpose so they could perform as hunter-killers while carrying the nuclear deterrent force. Labour MP and former Navy Minister David Owen supported this alternative, which was associated with the deployment of cruise missiles as the delivery vehicle.⁴¹ One disadvantage, however, was that dual capability would blur the missions of the submarine force. Hunter/killer submarines, as an attack force, would fulfil wartime missions by seeking out and destroying enemy submarines and naval forces. As discussed in relation to convoys in the previous chapter, this increased their risk of detection and destruction. To survive, SSBNs needed to avoid contact with

⁴⁰ It also raised difficult strategic questions such as what nuclear bombers should do if their airfields were destroyed, especially if they were destroyed not with nuclear but conventional bombs.

⁴¹ See below as it relates to Owen. On the dual-purpose of a cruise missile force, see P.G. Johnson, 'Tomahawk: The implications of a Strategic/Tactical Mix,' U.S. Naval Institute Proceedings, (April 1982).

enemy submarines by hiding in the more remote parts of the ocean. Moreover, Soviet awareness that the British deterrent force was 'dual capable' could have been a destabilizing factor during crises, particularly if the Soviets detected submarines operating in their home waters. It was on the basis of not blurring the force's mission that the government ruled out all deployment options which envisaged a dual-purpose deterrent.⁴²

Delivery Vehicles

Obtaining a consensus over delivery vehicles was more difficult, though the MoD leaned towards Trident from the beginning. Nevertheless, the arguments over cruise or ballistic missiles had to be aired. The main factors under consideration were the warhead's ability to penetrate air or ballistic missile defences and the cost of the system. The concept of the cruise missile was an old one stemming from the German V-1 'Doodlebug' missiles fired on London during the Second World War. Both the US and Soviet Union had been working on cruise missiles since the 1950s but early versions were inaccurate, carried small payloads, and consumed fuel inefficiently. Not until the early 1970s did cruise missile technologies begin to mature. By 1980

⁴² See Ministry of Defence, The Future of the United Kingdom Strategic Deterrent DOGD 80/23, July 1980, pp. 11,12,16.

'advances in the design of munitions and jet engines, and in high-energy fuel chemistry,...allow[ed] for a cruise missile to pack an effective punch at long ranges.'⁴³ Most important was the use of inertial navigation and Terrain Contour Matching (TERCOM) to increase the cruise missile's flight accuracy to 30 metres.⁴⁴ These advances enabled modern cruise missiles to travel 2500 kilometres at subsonic speed, at extremely low altitudes, and to fly a circuitous route to avoid known air defences and minimize the risk of detection.⁴⁵ As a result of these improvements cruise missiles began to arouse considerable European interest as an alternative to nuclear ballistic missiles.⁴⁶

While technological advances enhanced the capabilities of cruise missiles their true appeal as an alternative delivery vehicle was their relatively low cost of \$1 million each.⁴⁷ As Foreign Secretary in Callaghan's government, David Owen had worried that the MoD was

so anxious to get the best possible successor force that it was ignoring perfectly satisfactory and cheaper, if less impressive,

⁴³ Freedman, Britain and Nuclear Weapons, p. 69.

⁴⁴ R. Huiskens, The Origins of the Strategic Cruise Missile, New York: Praeger, 1981), p. 9.

⁴⁵ Ibid.

⁴⁶ Lawrence D. Freedman, 'The European Nuclear Powers: Britain and France,' in Richard K. Betts, (ed), Cruise Missiles: Technology, Strategy, Politics (Washington, DC: The Brookings Institution, 1981).

⁴⁷ DOGD 80/23, Future of the UK Strategic Deterrent, p. 14.

alternatives such as cruise missiles on attack submarines or keeping the existing force in service longer.⁴⁸

The Economist later argued a similar point in an article entitled 'Don't Forget the Cheap One.'⁴⁹

Nor did the relatively low cost of cruise missiles preclude an argument in their favour on strategic grounds. Strategically, their advantages were accuracy and flexibility. They possessed the capability to be used precisely; to knock out fairly small enemy installations, for instance, rather than attacking an adversary's cities.⁵⁰ They could thus provide the option of targeting those components of the Soviet Union's nuclear capabilities of greatest interest to Britain.⁵¹ Cruise missiles could also be used to attack different cities simultaneously since each missile could be targeted individually. But these options were, arguably, outside the strategic purpose of Britain's nuclear deterrent, which emphasised the ability to destroy 'key aspects of Soviet state power,' such as Moscow.⁵² The

⁴⁸ Freedman, Britain and Nuclear Weapons, p. 61.

⁴⁹ 'Don't Forget the Cheap One,' The Economist, (29 Mar 1980).

⁵⁰ Neville Trotter, Hansard (24 Jan 1980), col. 753.

⁵¹ For a critique of this role see Freedman, 'The European Nuclear Powers,' p. 455.

⁵² Cmnd 8212-I, Statement on the Defence Estimates, 1981, p. 12, para 208; See also Lawrence Freedman, 'British Nuclear Targeting,' in Desmond Ball and Jeffrey Richelson, (eds), Strategic Nuclear Targeting (Ithaca: Cornell University Press, 1986).

goal was to inflict 'damage which any Soviet leadership would regard as out of all proportion to any likely gains from aggression against us.'⁵³

The MoD strongly favoured acquisition of Trident to achieve Britain's strategic purpose and possibly also to enhance the prestige of Britain's deterrent. As a result, MoD representatives argued against cruise missiles during MISC 7s deliberations on a Polaris successor.⁵⁴ The argument against a cruise missile force was that it would be less survivable, less reliable and less cost-effective than a deterrent force composed of ballistic missiles. The cruise missile characteristics most relevant to this critique were their range, their speed, and the total cost of a cruise missile force compared to an equivalent Trident force. While the Service Chiefs favoured Trident, the Treasury and Service staffs expressed concern over its cost, urging consideration of less expensive alternatives. Nevertheless, cost analyses in which cruise compared unfavourably to Trident were a factor in persuading MISC 7 to approve Trident.⁵⁵

Despite their accuracy, flexibility and low unit cost cruise missiles had significant strategic disadvantages.

⁵³ Cmnd 8212-I, Statement on the Defence Estimates, 1981, p. 12, para 208.

⁵⁴ The Mason report also included criticisms of the cruise missile option. Freedman, Britain and Nuclear Weapons, p. 71.

⁵⁵ DOGD 80/23, Future of the UK Strategic Deterrent, p. 17, para 43.

They had a shorter range than ballistic missiles and were vulnerable to destruction if detected. The shorter range meant that a cruise-carrying submarine force would necessarily be restricted to a much smaller area of sea operations closer to the Soviet land mass. Consequently, the Soviet Navy would have a smaller area in which to search for British submarines, increasing the likelihood of detection. Post launch detection was also a risk. Cruise missiles avoid air defences by virtue of their small size, low altitude and circuitous routing. However, if detected their slow speed makes them vulnerable to destruction. There were thus legitimate questions about the reliability of a cruise missile force to complete its strategic mission.⁵⁶ Firing enough cruise missiles to saturate Soviet air defences was the only way to improve the force's reliability.

Saturating Soviet air defences, however, raised additional operational problems. Firing large numbers of sea-based cruise missiles could require up to two hours because they are launched from submarine torpedo tubes requiring re-loading. In a memorandum to the Expenditure Committee, the International Institute of Strategic Studies estimated that 'Five [cruise missiles] must be flown to get one through.'⁵⁷

⁵⁶ Sixth Report from the Expenditure Committee, 1978-79, The Future of the United Kingdom's Nuclear Weapons Policy, (HC 348), 3 April 1979, p. 89; Peter Malone, The British Nuclear Deterrent, (London: Croom Helm, 1984), p. 110.

⁵⁷ HC 348, Future of the UK's Nuclear Weapons Policy, p. 89.

In addition to slowing arrival of the nuclear payload, thereby easing the task for Soviet air defences, the protracted launch period would have assisted Soviet efforts to determine the origin of the missiles, further increasing the risk to the submarine. Finally, the greater the number of cruise missiles launched to ensure the effectiveness of the salvo, the greater the cost of a cruise missile force.

The greater cost of building a large cruise missile force nullified their greatest appeal. The MoD estimated that a cruise missile force with the equivalent capabilities of the proposed Trident force would require more than the four submarines necessary to carry Trident missiles. Since submarines were the most costly component of the deterrent, this comparison made the cruise missile option appear more expensive than Trident.⁵⁸ The comparison may have been misleading, however, since it lacked reference to Britain's strategic requirements. The comparison did not take into account that:

the size of the proposed Trident force was driven not by the need to cover a particular set of targets, but the fact that MIRVing came with Trident and that a four-boat force was considered the minimum consistent with sustaining a deterrent threat.⁵⁹

Trident would have been acceptable with fewer warheads, and

⁵⁸ Lawrence Freedman, 'The Future of the British Strategic Nuclear Deterrent,' in Geoffrey Till, (ed), The Future of British Seapower, (London: Macmillan, 1984), p. 117.

⁵⁹ Ibid.

a more appropriate comparison would have been between minimum cruise and Trident forces.⁶⁰

The cruise missile option was vulnerable for at least two other reasons: in 1979 no one knew whether the US would build a submarine-launched cruise missile (SLCM) force or whether restrictions on the range of cruise missiles would emerge from the second round of the Strategic Arms Limitation Talks (SALT). First, if the US did not engage in a SLCM programme then Britain's selection of this option automatically ruled out joint participation with the US; Britain would have to bear the full burden of the research and development costs and would not have the advantage of sharing US technological advances.⁶¹ Second, although cruise missiles were excluded from SALT I they were the subject of a protocol to SALT II.⁶² The protocol was in force in the first instance until the end of 1981, when it could be extended upon US and Soviet agreement. It limited the range of sea- and air-launched cruise missiles to 600km, making them unable to hit the Soviet Union from any point in Europe. Such a limited range would exacerbate the survivability

⁶⁰ Ibid.

⁶¹ DOGD 80/23, Future of the UK Strategic Deterrent, p. 16, para 40.

⁶² See Protocol to the Treaty Between the United States of America and the Soviet Socialist Republics on the Limitation of Strategic Offensive Arms, June 18, 1979, Article II, para 1, in United States Arms Control Agency, Documents on Disarmament, 1979 (Washington, DC: GPO, 1982), p. 199.

problem of a submarine-based deterrent by further reducing the area in which the Soviets would have to search. The protocol did not inhibit the transfer of cruise technologies nor did it apply to British forces. It did, however, raise questions about US willingness to assist or to condone activities by Britain which would contravene the 'spirit of SALT II.'⁶³

Although the government believed 'it would not be impossible for British industry to develop and build ballistic missiles for strategic use,' the great expense of re-acquiring this capability led it to be quickly dismissed as an unattractive option.⁶⁴ The closest thing to a strictly national option was the prolongation of the existing Polaris/Chevaline fleet. The Chevaline improvements to the Polaris warhead were undertaken in the 1970s to improve the capacity of Britain's deterrent to penetrate Moscow's Galosh anti-ballistic missile defence (ABM).⁶⁵ According to the Committee on Public Accounts:

The Chevaline programme [was] designed to improve the Polaris missile system by means of re-entry vehicles hardened to resist the effects of anti-ballistic missiles, with multiple warheads

⁶³ Admiral Lord Hill-Norton, 'After Polaris,' The Economist, (15 Sept 1979), p. 26.

⁶⁴ DOGD 80/23, Future of the UK Strategic Deterrent, p. 17, para 44.

⁶⁵ HC 269, Ministry of Defence Chevaline Improvement to the Polaris Missile System, p. v.

designed to confuse anti-ballistic missile radar.⁶⁶ Chevaline thus improved Polaris' ability to penetrate Moscow's ABM defence without using multiple independently-targetable re-entry vehicles (MIRVs), which both the US and Soviet Union had developed.⁶⁷

One advantage of prolonging the operational life of Chevaline was that, assuming there were no advances in Soviet ABMs, Britain would possess an adequate deterrent until uncertainty about the future political and strategic environment had diminished.⁶⁸ Two aspects of the strategic environment that would become evident with time were whether the US would undertake a major sea-launched cruise missile programme and whether the Soviet Union would significantly expand its ABM capabilities. Although uncertainties about the future could never be eliminated, delaying acquisition of a third-generation deterrent would have provided Britain more information to calculate the future requirements of its deterrent force, thereby reducing the risk of acquiring a system which was either inadequate or overly sophisticated (and therefore more costly) for Britain's needs.

⁶⁶ Ibid.

⁶⁷ For technical descriptions of Chevaline see HC 269, p. 1; McInnes, Trident, p. 8; D.Fishlock, Financial Times (14 July 1981).

⁶⁸ John Baylis, 'Britain and the Bomb,' in Gerald Segal, Edwina Moreton, Lawrence Freedman and John Baylis, Nuclear War and Nuclear Peace (London: Macmillan, 1983), p. 151.

The main argument against prolonging Chevaline was the financial burden of maintaining the Polaris missiles once they were completely phased out of the US arsenal in 1981.

As mentioned, with the closure of US production lines all Polaris work would have to be performed in Britain. It was already possible that the missiles would need re-motoring before a Polaris replacement became operational. If Polaris missiles were retained in service beyond the early 1990s re-motoring would certainly be necessary and would have to be performed on a larger scale.⁶⁹ Replacement of the missile propellant, with a life of five years, had previously been performed in the United States. Britain would have to undertake this task as well. The expense of some of the work could be defrayed by purchasing decommissioned US Polaris missiles. These could at least provide a source of spare parts and reduce the need for certain types of production lines. However, in addition to regular maintenance of the missiles Britain would face any unexpected technical difficulties which Polaris developed alone, and these would become increasingly likely with age. As the cost-overruns of the Chevaline programme demonstrated, sole responsibility for maintaining the high reliability of an advanced missile system involved serious financial risk. Moreover, the Chevaline missiles would also have to be placed in new submarines, further increasing the cost of this

⁶⁹ DOGD 80/23, Future of the UK Strategic Deterrent, p. 17.

alternative.⁷⁰

In addition to the cost of maintaining Chevaline, the government questioned its adequacy for the strategic environment of the late 1990s. According to the government, Chevaline's adequacy could be assured only if Soviet ABM advances were 'unexpectedly modest.'⁷¹ The Galosh system around Moscow had 64 ABM launchers but under the terms of the 1972 ABM Treaty 100 launchers were allowed. Any additional improvements to the system would require changes in the ABM Treaty or would constitute a violation. The treaty was reviewed on a five year basis and the 1977 review had gone smoothly. If the 1982 review were not as successful or if the Soviets were in violation of the treaty, Britain could be faced with 'a choice between keeping a force of much reduced deterrent credibility and effectiveness, and changing our plans on short notice.'⁷² In rejecting the prolongation of Chevaline, the government ruled out the only viable replacement option which could be enacted on an essentially national basis.

⁷⁰ There is no indication that the government considered the possibility of constructing new submarines with missile compartments larger than necessary for Chevaline, but which could be adapted to fire it, so that when a follow-on system was purchased it could be fitted into the existing submarine fleet. Baylis suggested this as an interim step until another replacement system could be constructed. Baylis, 'Britain and the Bomb,' p. 149.

⁷¹ DOGD 80/23, Future of the UK Strategic Deterrent, p. 18.

⁷² Ibid.

A second alternative considered by the government 'at an early stage' was cooperation with France.⁷³ Franco-British cooperation could have taken three forms: information exchange, joint production of a missile, or British purchase of a French missile, possibly the M4, which had a 4000km range and MIRV capability.⁷⁴ The main advantages, excluding the positive political effect on Franco-British relations, arose mainly in comparison to an independent project since that would inevitably cost more.⁷⁵ Otherwise, the many advantages of continuing nuclear cooperation with the US made it difficult for France to compete as a nuclear partner and the long history of Anglo-American nuclear co-operation stemmed from an agreement preventing either party from transferring technologies acquired through this partnership to third parties.⁷⁶

Joint Franco-British cooperation thus had the potential to raise political problems related to technology transfers. The resulting controversy would, it appeared, inhibit the success of a joint project. Jonathan Alford believed that 'any such initiative is quite likely to place at risk the whole

⁷³ Ibid, p. 19.

⁷⁴ McInnes, Trident, p. 193.

⁷⁵ Ibid, p. 194.

⁷⁶ The Anglo-American Bilateral Exchange of Information Agreement of 1958; see John Baylis, Anglo-American Defense Relations, 1939-84, (London: Macmillan, 1984), Appendix 10.

transatlantic relationship.'⁷⁷ France's emphasis on national independence, especially in nuclear matters, risked exacerbating these potential difficulties.⁷⁸ Furthermore, the economic and technological benefits of collaboration with France would not be nearly as great as cooperation with the US, which enjoyed the advantage of larger economies of scale and more sophisticated nuclear technologies. On political and economic grounds the government concluded there was 'no adequate basis on which such an option could now have been pursued.'⁷⁹

In principle there were two main US ballistic missile options for the British Government to consider: Poseidon and Trident. The Trident programme actually involved two missiles, the C4 and the D5, but the D5 was still in its development stage and no decision had been made to produce it. The Poseidon missile was an advanced version of Polaris. It

⁷⁷ Nailor and Alford, The Future of Britain's Deterrent Force, p. 29.

⁷⁸ Ibid; Subsequent claims that Franco-American nuclear cooperation was far greater than imagined raise doubts about the constraints which may actually have existed on Anglo-French nuclear collaboration. See Richard H. Ullman, 'The Covert French Connection,' Foreign Policy Number 75, (Summer 1989). Comments by Harold Brown also indicate that Franco-American nuclear cooperation was not anathema within the US defence establishment, even if high-profile cooperation was not practical: 'The sale of Trident to France never became a live issue because they had long before adopted the view that they wanted their strategic forces to be completely independent. It may have been suggested but it was never a real issue.' Interview with Harold Brown, 25 January 1991.

⁷⁹ DOGD 80/23, Future of the UK Strategic Deterrent, p. 19, para 48.

was a MIRVed system capable of carrying up to fourteen warheads of smaller size and yield than Polaris or Trident. With a reduced payload Poseidon's range was around 300 nautical miles greater than that of the Polaris A3. Acquiring Poseidon might have been done relatively inexpensively (and certainly for less than Trident) as the missiles were due to be phased out of US service around 1990, after which time Britain could purchase the missiles secondhand. However, as with Chevaline, this arrangement would have meant the absence of commonality with the US to ease the burden of maintenance and major repair. The difficulties of maintaining a Poseidon missile force unique to the UK could be even greater than with Chevaline because Britain had no prior experience with the system.

Moreover, Britain had rejected the option of purchasing Poseidon in the early 1970s, probably because of doubts about US willingness to transfer the sensitive MIRV technology.⁸⁰ This earlier rejection made Poseidon, built from 1970s technology, a less attractive replacement option. Although Poseidon was a MIRVed missile, compared to Trident it was considerably less capable.⁸¹ Such a comparison was justified because although Poseidon's initial purchase price would be lower than Trident's, the costs of maintaining an

⁸⁰ Sir Frank Cooper in HC 269, Chevaline Improvement, Qs. 160, 173.

⁸¹ DOGD 80/23, Future of the UK Strategic Deterrent, p. 19.

ageing Poseidon system and of adapting a British warhead to it increased the risks of long-term cost escalation.⁸²

Acquiring the next generation of missile and the most advanced US SLBM available had an obvious appeal. The Trident C4 was a MIRVed missile with eight warheads and a range of 4,000 nautical miles. It thus had the best chance of all the options of remaining effective into the 21st century. It also had the important advantage of simultaneously being in service with the US Navy, with all the concomitant benefits in terms of research and maintenance costs. Trident's main drawback was its cost. The specific figure was, however, dependent on the outcome of Anglo-American negotiations. The government knew the basic cost before these got underway, but the key question -- the percentage of research and development costs to be paid by Britain -- remained unresolved.

The predominant view within the US Department of Defense was that once the British Government decided to replace Polaris there was very little choice: 'There was no way the British could support the infrastructure of a system which the US wasn't producing and the US would be supporting and producing only one system.'⁸³ Ultimately, it was this logic, expressed in slightly less robust terms, that guided the government's decision:

⁸² Ibid.

⁸³ Interview with Walter Slocombe, 10 January 1991.

Given that, as with Polaris, our operational independence can remain unimpaired, there is great financial advantage in the maximum possible commonality with the United States, especially in view of their high technology, the massive scale of their own missile procurement and our long experience of working efficiently together.⁸⁴

The MoD submitted its final recommendation in favour of Trident to MISC 7 in November 1979 with the approval of all the Chiefs of Staff.⁸⁵ The support of the Service Chiefs, however, was qualified by concerns lower down in the ranks that Trident was too costly and would result in cutbacks in other parts of the defence budget.

TRIDENT NEGOTIATIONS, 1979-80

The attitude of new or incoming US Presidents toward Anglo-American cooperation has been a perennial concern in Whitehall. The 'special relationship' is seen as an important symbol of British influence in world affairs. On a practical level, it can expand or narrow the range of options available in the exercise of British foreign and defence policy. The Trident negotiations, uniting both the symbolic and practical aspects of the relationship in a sensitive area of policy, were vitally important. What they reveal of significance to the 1981 defence review is both British sensitivity to US

⁸⁴ DOGD 80/23, Future of the UK Strategic Deterrent, p. 12.

⁸⁵ D.Fairhall, Guardian (1 Nov 1979).

strategic concerns and yet the limited extent to which the US was willing and capable of exercising influence over its closest ally.

The Carter Administration's strong emphasis on nuclear non-proliferation led Ian Smart to conclude in 1977 that: 'There must, in fact, be considerable doubt about the willingness of such an Administration to join the imitation of Nassau.'⁸⁶ Although such concerns were natural given the importance to Britain of its strategic nuclear deterrent any fears that the Carter Administration would not provide Trident were misplaced. Secretary of Defense Harold Brown 'never considered the US decision to sell Trident [to Britain] one of the more difficult ones to make.'⁸⁷ Likewise, Walter Slocombe, Deputy Under Secretary for Policy Planning at the Defense Department, believed

there was no real question that the Carter Administration was prepared to sell Trident to the UK. The decision on that basic point was made very early in the Carter Administration and then it was a question of working out the nitty-gritty details. Once the big issue of whether to sell the system was resolved then the scene shifted and there was a haggle over the price.⁸⁸

Anglo-American nuclear cooperation was the status quo. There are usually dissenting voices within any government considering a step as important as a major sale of strategic

⁸⁶ Smart, The Future of the British Nuclear Deterrent, p. 16.

⁸⁷ Interview with Harold Brown, 25 January 1991.

⁸⁸ Interview with Walter Slocombe, 10 January 1991.

weaponry and in 1979 and 1980 sensitive questions about the sale of Trident to Britain were raised by the Arms Control and Disarmament Agency and the State Department. However, the decision in principle to provide assistance to Britain in the nuclear field had been made and codified in 1963 with the signing of the Nassau Agreement. According to Harold Brown,

There was considerable concern about non-CIRCUMVENTION within State and ACDA but since we had provided nuclear assistance to Britain since the 1960s with the planned sale of the Skybolt missile the question of non-circumvention never became a sticking point.⁸⁹

In the context of the late 1970s a decision to terminate Anglo-American cooperation would have represented the greater departure in established foreign policy and thus would have been far more controversial even than a decision to share the most advanced nuclear technologies. The US Government had been aware for some time that Britain was approaching the point at which a decision on Polaris replacement would be necessary. The Carter Administration made the decision, in principle, to sell Trident to Britain possibly as early as 1978, but certainly 'well before the final stages of the SALT II talks,' which ended in June 1979.⁹⁰

Concern about the implications for SALT II was more likely to inspire congressional opposition to the sale. The administration believed, as stated by Brown, that established

⁸⁹ Interview with Harold Brown, 25 January 1991; See also McInnes, Trident, p. 18.

⁹⁰ Interview with Harold Brown, 25 January 1991.

practice rendered SALT irrelevant to Anglo-American nuclear cooperation: 'The US view was that the non-circumvention clause of SALT II did not mean that continued American cooperation with Britain on its nuclear programme entitled the USSR to compensation in arms control talks.'⁹¹ Likewise, continuity in the relationship was a factor in the administration's assessment of Congress's willingness to provide MIRV technologies to Britain. Some senior US officials wanted 'to provide Trident on the same terms to the French as we provided it to the British.'⁹² One reason why the proposal was not accepted, however, was concern that Congress would not go along.⁹³ Clearly the administration did not have similar concerns about Congressional attitudes towards Britain.

A greater concern was whether purchasing Trident was the best use of British defence funds. Some US officials viewed Britain's deterrent as redundant due to the size of the US nuclear arsenal. The US Navy opposed the Trident sale, for instance, because they believed it was unnecessary for deterrence and worried that the cost would compete with other Royal Navy tasks. The Navy was not solely responsible for the Trident design, however, as it emerged from a variety of groupings within the Defense Department, not all of which were

⁹¹ Interview with Harold Brown, 25 January 1991.

⁹² Interview with Robert Komer, 9 January 1991.

⁹³ Interview with Robert Komer, 9 January 1991.

under Navy control.⁹⁴ As a result, they had little say in the decision of whether to share the design.⁹⁵

While key administration officials shared the view that purchasing Trident was not the best use of British defence funds, they also recognised that if the British Government was determined to replace Polaris it was in the US interest to assist. No one in the administration believed the US was in a position, nor that it should be, to influence British national decision-making on such a vital issue. Carter had personally indicated a willingness to sell Trident to Britain when Callaghan had raised the issue with him in Guadeloupe.⁹⁶ Before the May 1979 British election the administration reexamined the possible responses to a British request for Trident and reaffirmed the decision to respond favourably.⁹⁷ However, the effect of the Trident purchase on Britain's conventional forces played an important role in detailed negotiations over the sales agreement.

The Thatcher Government's discussions with the Carter Administration about the future of Britain's nuclear deterrent began in July 1979. One of Pym's first acts as Secretary of State for Defence was to fly to Washington for

⁹⁴ On the design and development of Trident see D. Douglas Dalglish and Larry Schweicart, Trident (Carbondale: Illinois, Southern Illinois University, 1984), chapter three.

⁹⁵ Interview with Robert Komer, 9 January 1991.

⁹⁶ Callaghan, Time and Chance, pp. 553-4.

⁹⁷ Freedman, Britain and Nuclear Weapons, p. 66.

an initial 'exchange of views' with Harold Brown.⁹⁸ Like Brown, Pym 'never doubted that once a strategic decision was taken to purchase that a suitable sales agreement could be worked out with the Americans. It was simply a question of working out the practical details.'⁹⁹ Accordingly, their meeting was followed by a series of technical exchanges in which the US responded to British requests for information about various weapons systems.¹⁰⁰ The practice on the Trident negotiations, as these talks became, was that:

Technicians would negotiate issues and the MoD-DoD top level would meet every six months or so to reach agreements. It usually took more than just one meeting each time. Over a period of a few meetings agreements were usually reached.¹⁰¹

Thatcher reportedly hoped that she and President Carter could finalize an agreement at their December summit meeting in Washington.¹⁰² Thatcher rejected claims that the government had already decided on a Polaris successor, but Trident was nevertheless on the summit agenda.¹⁰³ Despite speculation that an agreement was close at hand the two

⁹⁸ quoted in McInnes, Trident, p. 16.

⁹⁹ Interview with Lord Francis Pym, 11 June 1991.

¹⁰⁰ Freedman, Britain and Nuclear Weapons, pp. 67-8.

¹⁰¹ Interview with Robert Komer, 9 January 1991.

¹⁰² D.Fairhall, Guardian (1 Nov 1979).

¹⁰³ McInnes, Trident, p. 16; Times (27 Nov 1979); Interview with the Secretary of State for Defence Mr Francis Pym during BBC TV 'Panorama' Programme (10 Dec 1979).

governments remained deeply involved in negotiations over the price Britain would pay. Quite simply, according to Slocombe, 'we wanted them to pay as much as they could and they wanted to pay as little as possible.'¹⁰⁴

The focal point of the dispute was the percentage of research and development costs the British would assume. The British Government was disturbed that they should be required to defray the expense for the US of a weapon system that was being built anyway. According to Brown, 'R&D costs were a contentious matter with the British; we felt it was important to share these costs fully and they felt the incremental R&D costs were the appropriate measure, and were negligible.'¹⁰⁵ This view was echoed by Komer: 'the US wanted the British to share in the R&D costs -- they said "you are developing it yourself so why should we have to pay that?"'¹⁰⁶ Slocombe believed that 'Anything we sold them was a bargain for us because it absorbed some R&D costs the US had already paid. The British recognized that it was a generous deal but not so outrageously good that they should make great sacrifices to get it.'¹⁰⁷

Negotiations over the Trident sale may have been difficult as a result of the dispute over R&D costs, but at

¹⁰⁴ Interview with Walter Slocombe, 10 January 1991.

¹⁰⁵ Interview with Harold Brown, 25 January 1991.

¹⁰⁶ Interview with Robert Komer, 9 January 1991.

¹⁰⁷ Interview with Walter Slocombe, 10 January 1991.

the policy level 'there was never any doubt that all of the issues would be resolved. It is very unusual for these negotiations between friendly governments to fail when the decision in principle has already been made.'¹⁰⁸ Nevertheless, because of the symbolism of the Anglo-American nuclear cooperation at the heart of the 'special relationship,' the misunderstanding was not inconsequential. It was important to Britain, for political as well as financial reasons, to secure a deal as favourable as the Polaris Sales Agreement.

United States practice on the calculation of research and development costs for collaborative weapons projects is determined by statute. Under the Arms Export Control Act passed by Congress in 1976 research and development costs are calculated as a pro rata charge based on the production line.¹⁰⁹ In effect, there was an R&D surcharge so that the proportion of R&D costs payable related directly to the percentage of the production line that was purchased.¹¹⁰ The surcharge was calculated within the Department of Defense and the Secretary of Defense had the authority to waive or reduce the R&D payments requested of recipient states. Negotiators on the US side insisted on computing the Trident R&D charge by

¹⁰⁸ Interview with Walter Slocombe, 10 January 1991.

¹⁰⁹ International Security Assistance and Arms Control Export Act of 1976 (Public Law 94-329; 90 Statute 734).

¹¹⁰ McInnes, Trident, p. 18.

statute. This insistence was interpreted by the British as an attempt to charge \$2 billion more than the accepted final sale price. However, US negotiators accepted the final sales price; they simply wanted the price to be calculated in a different way -- according to statute.

The misunderstanding leaked to the media, among whom it was rumoured that Pentagon bureaucrats were blocking the Trident deal. The preliminary US offer involved ten per cent R&D costs.¹¹¹ President Carter, under congressional pressure to conform with standard US practice, requested that Britain pay around \$400 million (FY 1980) for research and development.¹¹² The content of the US offer, in addition to the high cost of the missile itself, may have been the cause of the 'shock' over Trident's price tag which Prime Minister Thatcher reportedly experienced at the December Summit.¹¹³

The British maintained that they should be subject only to a five per cent surcharge because of the precedent established by the Polaris Sales Agreement. President Kennedy had agreed to sell Polaris to Britain at the low R&D surcharge of five per cent but subsequently, in 1966, the R&D charge had been waived 'in return for communication and refuelling

¹¹¹ J.Connell, Sunday Times (21 Feb 1982).

¹¹² J.Connell, Sunday Times (21 Feb 1982); McInnes, Trident, p. 18.

¹¹³ P.Calvocoressi, Sunday Times (6 April 1980).

facilities on Diego Garcia in the Indian Ocean.'¹¹⁴ The joint statement issued following the December summit indicated agreement only on more fundamental matters: that Britain should maintain a strategic deterrent force, that Anglo-American strategic cooperation should continue, and that the two governments 'should continue their discussions of the most appropriate means of achieving these objectives for the future.'¹¹⁵

Ultimately, the British and American negotiators reached a compromise involving US purchase of the British Rapier air defence system. The possibility of the US purchasing Rapier had existed at least since the beginning of 1979 when the Pentagon urged the US Army to purchase Rapier instead of the Army's own Roland air defense missile.¹¹⁶ But air defence protection for US bases in Britain was first publicly mentioned in connection with the sale of Trident after the December summit.¹¹⁷ The idea had gradually passed up the Pentagon hierarchy to Robert Komer, prime mover on the 'Two-

¹¹⁴ Alan Dobson, 'The Years of Transition: Anglo-American Relations, 1961-1967,' Review of International Studies vol. 16, No. 3 (July 1990), p. 253; Baylis, Anglo-American Defence Relations, p. 153.

¹¹⁵ Joint Statement by the White House and the Prime Minister, issued in Washington on Tuesday 18th December 1979, Verbatim Press Service 137/79, (19 Dec 1979), p. 2.

¹¹⁶ R.Barnard, Defense Week (7 April 1980).

¹¹⁷ D.A.Brown, Aviation Week & Space Technology (21 July 1980); A.Brummer, Guardian (1 Sept 1980); McInnes, Trident, p. 18; H. Brandon, Sunday Times (23 Dec 1980); H.Stanhope, Times (3 June 1980).

Way Street.'

The Two Way Street was an initiative to rationalize the system of arms sales between the US and Europe. The basic idea was that arms purchases should be reciprocal; the US would purchase from Europe and vice versa. The Rapier/Trident compromise proved to be the first memorandum of understanding agreed as part of this initiative. Under the compromise the US agreed that Britain would pay a five per cent R&D surcharge, and purchased Rapier (partially to offset the British purchase of Trident). In return Britain provided the manpower to operate Rapier batteries surrounding US bases in the UK. The pre-positioning of US equipment and stocks on the British-owned island of Diego Garcia was also reportedly connected to the Trident deal, though not explicitly in the sales agreement.

Amid extreme secrecy on June 13 Walter Slocombe and Ronald Mason signed the agreement finalising the wording of the letters constituting the Trident agreement which were to be exchanged between Thatcher and Carter and Pym and Brown.¹¹⁸ On July 4, 1980, a decision was made to publish the letters, but American sensitivities about announcing the deal during West German Chancellor Helmut Schmidt's visit to Moscow and while US-Soviet talks on nuclear weapons were

¹¹⁸ McInnes, Trident, p. 18.

underway led the announcement to be postponed.¹¹⁹ The British Government had to delay its announcement until after Washington informed it that the time for a formal public request for assistance was appropriate.¹²⁰ The agreed date of the announcement was July 17 and MISC 7 planned to brief the Cabinet that morning and to announce the deal in Parliament that afternoon.¹²¹ However, President Carter briefed Congressional leaders on July 14, and Senator Howard Baker, apparently while at the Republican National Convention leaked the story to the New York Times.¹²² Senior British ministers learned of the leak the night of the 14th and rather than risk that the deal would be publicised before the Cabinet or Parliament had been informed, the decision was made to announce the deal in Parliament the following day. Cabinet members were contacted, mainly by telephone, for

¹¹⁹ Fourth Report from the Defence Committee, 1980-81, Strategic Nuclear Weapons Policy (HC 36), 20 May 1981, Q. 388; P.Hennessy, Times (20 May 1980); The need for Carter to notify Congress of the sale thirty days in advance may also have contributed to the postponement. D.A.Brown, AW&ST (21 July 1980). It is unclear whether Carter provided Congress with 30 days notice or whether he first informed Congressional leaders July 14.

¹²⁰ Freedman, Britain and Nuclear Weapons, p. 68.

¹²¹ McInnes, Trident, p. 19.

¹²² Ibid; A senior Administration official declared it a coincidence that the Trident announcement was made just as the Republican National Convention got underway. He said the deal had been completed one month earlier but that the Thatcher Government had wanted to 'make sure' this was the best option before announcing it. H.David, Daily Telegraph (16 July 1980).

their approval, telegrams were sent to other NATO leaders, the Government's White Paper was hurriedly printed, and a Parliamentary announcement was scheduled for three p.m.¹²³ Unknown to the government The New York Times had spiked the story as uninteresting.

The manner of announcing the decision was highly controversial. The Defence and External Affairs Subcommittee of the House Expenditure Committee had begun considering British nuclear policy in January 1979, but as a result of the General Election the enquiry ended in April.¹²⁴ The minutes of evidence were printed with a mere two and one half page committee report concluding,

Your Committee have laid before the House the evidence taken during the inquiry in the hope that it will be of use to both Members and the public, and be available for consideration by a committee of the new Parliament.¹²⁵

When Pym announced the Trident decision the new Select Committee on Defence had such a study underway, prompting the Labour defence spokesman to declare,

There are those who will say that it could be a contempt of the House for the Secretary of State to

¹²³ Freedman, 'Britain: The First Ex-Nuclear Power,' p. 80, note 2; McInnes, Trident, p. 19; Speed, Sea Change, p. 162.

¹²⁴ On the role of the Committee System in the House of Commons see Andrew Cox and Stephen Kirby, Congress, Parliament and Defence (London: Macmillan, 1986); Masood Hyder, 'Parliament and Defence Affairs: The Defence Sub-Committee of the Expenditure Committee,' Public Administration Vol. 55 (Spring 1977); Philip Norton, 'Britain's Reform Parliament,' The Parliamentarian Vol. 67, No. 2 (April 1986).

¹²⁵ HC 348, Future of the UK's Nuclear Weapons Policy, para 8.

make an announcement of this sort before the select committee of this House have had the opportunity to discuss the matter.¹²⁶

The Labour Party had, as noted earlier, committed itself to 'full and informed discussion' before taking a replacement decision, but even some within the Conservative Party favoured more consultation. When the consideration of replacement options was clearly underway in 1979 Conservative MP Julian Critchley tabled a motion calling for a consultative document, a Green Paper, to be issued prior to a decision.¹²⁷ Pym defended the government's prerogative to make policy decisions and then defend them in the House, declaring this practice to be 'wholly in accordance with our parliamentary and constitutional practice.'¹²⁸ Yet even within Cabinet the method of decision-making was criticised, notably by John Nott, then Secretary of State for Trade: 'When this was announced in Cabinet I protested that this was not the way in which business should be done.'¹²⁹ Nott's protest, however, was not that Parliamentary and public consultation had been inadequate, but that members of the government, who would have to defend the decision, should have been included:

This was a fundamental matter of national security.

¹²⁶ William Rodgers, Hansard (15 July 1980), col. 1237.

¹²⁷ Bruce George and Karl Pieragostini, 'British Defence in the 1980's: What Price Trident?' International Security Review Vol 5, No. 4 (Winter 1980-81), p. 441.

¹²⁸ Francis Pym, Hansard (15 July 1980), col. 1238.

¹²⁹ Interview with Sir John Nott, 19 November 1991.

The whole Cabinet should have understood that this was being considered and I didn't think it was good enough for a small group of ministers to come to a decision and just inform the Cabinet that was what they were going to do.¹³⁰

The Prime Minister, and other members of MISC 7, were less concerned with consultation, which risked dissent, than with promulgating a fundamental policy decision through the announcement of what they saw as a favourable purchase. The Trident/Rapier compromise enabled Pym to describe the Trident deal as 'on the same lines as the 1962 Nassau Agreement.'¹³¹ Britain was to purchase the Trident C4 missile complete with its MIRV capability and though the force would be assigned to NATO it would remain under British operational control. Pym explained that Britain would independently construct the four or five submarines on which the Trident missiles would be deployed in the early 1990s. The final decision on the choice between four and five boats was delayed until 1982 or 1983 when the government could more fully assess 'operational, international and resource factors, including the defence

¹³⁰ Interview with Sir John Nott, 19 November 1991.

¹³¹ Francis Pym, Hansard (15 July 1980), col. 1235; The U.S. purchase of Rapier was to cost between £165-180 million and the costs to Britain of maintaining them would be around £5 million. L.McCain and R.Evans, Financial Times, (16 July 1980); Pym did not, however, present the cost of manning the Rapiers as part of the cost of acquiring Trident. Also, according to the Defence White Paper of 1981, 'A further exchange of letters between the two governments on 30 September 1980 extended the provisions of the 1963 Polaris Sales Agreement to cover the supply of Trident.' Cmnd. 8212-I, Statement on the Defence Estimates, p. 14, para 210.

budget situation.'¹³²

The government estimated the total cost of the purchase at £5 billion spread over a fifteen year period. The percentage outlay during this period was expected to be between three and four per cent of the annual defence budget; in the peak spending years of the late 1980s the figure would rise to five per cent of the defence budget and eight per cent of the equipment budget.¹³³ Pym emphasized that to compensate for the high cost of Trident, seventy per cent of the total cost would be spent in Britain and would be 'reflected in a substantial amount of employment.'¹³⁴ Pym also expressed the government's intention to 'uphold and, where necessary, strengthen our all-round defence capability,' including conventional forces.¹³⁵

Not surprisingly, the potential impact of Trident on the rest of Britain's defence programme had become linked to the negotiations over its sale. At their summit Thatcher and Carter discussed the level of NATO's conventional armament and NATO's 1978 Long-Term Defence Programme in connection with

¹³² DOGD 80/23, Future of UK Strategic Deterrent, p. 22; see also Francis Pym, Hansard (15 July 1980), col. 1235.

¹³³ Francis Pym, Hansard (15 July 1980), col. 1240.

¹³⁴ Francis Pym, Hansard (15 July 1980), cols. 1235-6.

¹³⁵ Francis Pym, Hansard (15 July 1980), col. 1236.

the future of Britain's deterrent.¹³⁶ 'In the second stage of negotiations there was US concern that the British were mortgaging their defence budget to maintain their nuclear deterrent.'¹³⁷ The US was concerned that, according to Brown,

Britain was unable to fund all the defences it might want: defence funds had to be divided between conventional and strategic forces. We thought that the US could cover the strategic needs but we recognized that Britain also wanted a strategic capability. We didn't want them to spend a large proportion of defence funds on something marginal and we considered it more important to keep up the BAOR than add incrementally to British strategic forces. We didn't have a major voice in how they spent their money and were prepared to help them anyway. But we thought the lower cost Trident I was more suited to British needs.¹³⁸

As a result of these concerns the US sought guarantees that Trident would not detract from Britain's conventional defences.

Conventional weapons were quite a big issue in the negotiations. The Pentagon, especially, was concerned about the effect of the Trident decision. But neither the MoD nor the Thatcher Government could say more than that the independent strategic deterrent was not going to mortgage Britain's conventional defence budget.¹³⁹

British negotiators responded to US concerns by indicating a willingness to spend on Britain's conventional contribution

¹³⁶ Joint statement by the White House and the Prime Minister, issued in Washington on Tuesday 18th December 1979, Verbatim Press Service 137/79 (19 Dec 1979), p. 2.

¹³⁷ Interview with Walter Slocombe, 10 January 1991.

¹³⁸ Interview with Harold Brown, 25 January 1991.

¹³⁹ Interview with Walter Slocombe, 10 January 1991.

to NATO whatever it saved by buying Trident. The Pentagon recognised that this pledge was the best it could get.¹⁴⁰

Britain's intention to upgrade its conventional forces was incorporated into the final agreement. The pledges were recorded in Thatcher's formal letter to Carter requesting the Trident missile:

The United Kingdom Government has substantially increased its defence spending, in accordance with NATO's collective policy, and plans to make further such increases in future in order to improve the effectiveness of its all-round contribution to Allied deterrence and defence. In this regard the objective of the United Kingdom Government is to take advantage of the economies made possible by the cooperation of the United States in making the Trident I missile system available in order to reinforce its efforts to upgrade its conventional forces.¹⁴¹

With the conduct of the Nott review the following year, these statements of intent were not realised, but US officials nevertheless did not believe Trident was the decisive factor in bringing about the 1981 review.¹⁴²

The single most important argument that Trident brought about the 1981 review was that the incidence of Trident

¹⁴⁰ Interview with Walter Slocombe, 10 January 1991.

¹⁴¹ Cmnd 7979, The British Strategic Nuclear Force: Texts of Letters Exchanged between the Prime Minister and the President of the United States and between the Secretary of State for Defence and the United States Secretary of Defence (July 1980), p. 1.

¹⁴² Interview with Walter Slocombe, 10 January 1991; Interview with Robert Komer, 9 January 1991.

expenditure had not been incorporated into the budget.¹⁴³ When the Polaris decision was taken in 1962 it entered the programme slot vacated by the cancelled Skybolt missile. Hence there had been no need for a major redistribution of funds. Due to the political problems surrounding Polaris replacement it would have been surprising for a Labour minister to allocate expenditure on Trident before a formal decision had been taken. Yet officials in the MoD had been aware of a pending decision on Polaris replacement since the late 1970s and defence planners, forced to live within the rigid cash limits system, had a strong incentive to place money into forward plans for a large non-allocated item. Absence of a political decision would not necessarily have precluded them from taking this step on the basis of sound defence management. The argument that Trident caused the 1981 defence review thus depends on the assumption that because there was no evidence of Trident expenditure in the Defence Estimates, it was not there. The expense of Chevaline, however, went undetected for over eight years. The prevalence of secrecy in British nuclear policy, though not complete, and the extent to which economic logic affects defence decisions - - both points illustrated in this chapter -- suggests that

¹⁴³ See Peter Nailor in 'Polaris Successor: Report of A Seminar,' RUSI Journal Vol. 125, No. 3 (September 1980), p. 16.

there are good reasons for questioning the argument that Trident caused the 1981 defence review.

CHAPTER SIX

Politics and Defence Budgeting, 1979-1981

The outstanding twin priorities of the Conservative Government, defence and economic recovery, were an obvious source of potential conflict. Initially, three per cent annual increases in defence spending were thought to be sustainable beyond the 1981-82 NATO commitment and that is why service plans assumed they would continue. However, the postulated economic growth failed to materialize. Recession in 1979 and 1980 raised doubts, not only within the Treasury but within the Defence Secretariat as well, about whether the three per cent increases were sustainable. Due to rising equipment costs and the need to accommodate a number of new programmes in the budget, including Trident, Long-Term Costings suggested that within three to four years a major gap would emerge between the existing defence programme and available resources. Ultimately, economic priorities took precedence over defence, with a perception of inefficiency within the ministry contributing to the decision to undertake a fundamental review.

DEFENCE MANAGEMENT, 1979-80

The members of Prime Minister Thatcher's first government diverged along the lines of their economic philosophies. The

so-called 'wets' were traditional Tories who, like Edward Heath, favoured consensus politics and were not alarmed by a modicum of government intervention in the economy. Secretary of State for Defence Francis Pym, viewed by many as a natural heir to the Conservative mantle, and an obvious political rival of the Prime Minister, was a leading figure among Cabinet 'wets'. The 'dry' monetarist views of Margaret Thatcher, shared by only a handful of other ministers -- albeit in key posts -- meant that to a certain extent the Prime Minister was isolated within her own Cabinet.¹ Conflicting political and economic pressures on the defence budget aggravated these divisions.

Following the Conservative victory in 1979 the Treasury announced an ambitious new cash limits policy. In a budget statement of 12 June 1979 Chancellor of the Exchequer Geoffrey Howe stated that the goal of the policy was to 'reduce the volume of planned expenditure by about £1 billion at 1979 survey prices.'² The 1979 public expenditure survey predicted that actual defence expenditure in fiscal year 1979-80 would be approximately £200 million less than budgeted by the Labour Government, due mainly to industrial slippage brought

¹ Interview with Sir John Nott, 19 November 1991; See also Hugo Young, One of Us: A Biography of Margaret Thatcher (London: Macmillan, 1989), especially chapter eleven, 'The Capture of Cabinet.'

² Geoffrey Howe, Hansard (12 June 1979), col. 246.

about by industrial action and shortages.³ The budget agreed by the Conservatives for 1980-81 cut planned defence spending by £220 million, but these initial decisions about defence nevertheless represented a 3.5 per cent increase over actual 1979-80 spending, and an increase over the previous government's plans after 1982-83.⁴ The government's long-term plan was for defence spending to rise annually by three per cent to £8.74 billion by 1983-84.⁵

These adjustments, particularly the decision to increase defence spending while reducing the budgets of other ministries, reflected the government's strong commitment to defence. However, they also demonstrated the potential conflict between the government's economic priorities and its commitment to defence spending. Government plans lowered the established base line for defence budget increases. The new base line, actual 1979-80 spending, had fallen short of a three per cent increase from the year before.⁶ Not only was the three per cent pledge being fudged, but even if fulfilled

³ Cmnd 7841, The Government's Expenditure Plans, 1980-81 to 1983-84, (March 1980), p. 23.

⁴ In 1980 survey prices. Cmnd 8212-II, 1980-81, Statement on the Defence Estimates, 1981, table 2.2; Cmnd. 7841, Expenditure Plans, p. 22; See also David Greenwood, 'Setting Defence Priorities,' ADIU Report Vol. 3, No. 3 (May/June 1981).

⁵ Cmnd 7841, Expenditure Plans, table 2.1; £10,545 million in 1980 survey prices.

⁶ David Greenwood, 'NATO's Three Per Cent Solution,' Survival (Nov/Dec 1981), p. 255.

it was inadequate to do more than fund existing plans. Yet the Conservatives had raised hopes of defence increases. Service pay and conditions been the top priority of the new government and, according to a Chatham House Briefing Paper on the new government's foreign policy, 'the proposed increase in defence allocations has not been specified but apparently it will be beyond the 3-per-cent increase in real terms already adopted by the Labour Government for 1979-80 and 1980-81.' However, the Briefing Paper also noted that 'past Conservative Government's have found it necessary to cut defence expenditure in fraught economic circumstances. Any long-term improvement in military capabilities depends on sustained economic growth.'⁷

Pym initially believed he had adequate resources to carry out the defence programme and had no reason to complain about MoD funding while the budgets of other ministries declined. Consequently, there were no disagreements between Pym and the Prime Minister over the 1980 budget.⁸ However, government economic forecasts on which forward plans were based proved overoptimistic. In 1980 high inflation and a recession prompted defence contractors 'to deliver goods with unknown speed.'⁹ Ministry officials concluded early in the fiscal

⁷ Chatham House Briefings, Foreign Policy and the New Government, No. 1 (The Royal Institute of International Affairs, May 1979), p. 5.

⁸ Interview with Lord Francis Pym, 11 June 1991.

⁹ Interview with Sir Frank Cooper, 24 April 1991.

year 'that expenditure was running ahead of the levels which would be required to enable us to live within our cash limits.'¹⁰

In response to the rapid outflow of defence funds, in spring 1980 Pym authorized senior officials to develop proposals to reduce budgetary pressures. The resulting 'mini-review' emerged from the Defence Programme Working Party (DPWP), consisting of Sir Michael Quinlan, Deputy Under Secretary (Policy), Air Chief Marshal Joseph Gilbert, Assistant Chief of Defence Staff (Policy), and Admiral Stephen Berthon, Deputy Chief of Defence Staff (Operational Requirements).¹¹ Working with the services, the DPWP developed a package of interim cuts, including cancellation of the Army's long-term tank project (MBT-80), the RAF's Jaguar replacement programme, and the removal of £1.8 billion from the Royal Navy budget.¹² However, these cuts affected forward plans more than short-term expenditure and were unable to alleviate financial stress in the current fiscal year. Nor was the additional £200 million made available to the MoD in

¹⁰ Desmond Bryars, Deputy Under Secretary (Finance and Budgets) in Defence Committee Minutes of Evidence taken on 11 and 18 March 1981, 1980-81, Defence Cuts and Defence Estimates (HC 223), Q. 34.

¹¹ Interview with Air Chief Marshal Sir Joseph Gilbert, 6 December 1991.

¹² These are the 'programme cuts' referred to by Bryars in HC 223, Defence Cuts and Defence Estimates, Q. 34; See also Francis Pym, Hansard (14 July 1980), cols. 420-1; Aviation Week & Space Technology (7 April 1980), p. 48.

August adequate to enable it to remain within its cash limits.¹³

The MoD and other spending departments had informed Parliament of their dissatisfaction with the cash limits system early in 1980. Its most disruptive aspect was the lack of a carryover of funds from one fiscal year to the next. Funds not spent by the beginning of the next fiscal year were reclaimed by the Treasury, despite being intended for programmes spanning up to ten years or more. Moreover, during annual negotiations for increases in defence spending the Treasury argued that actual expenditure, not planned expenditure, should be the base line. Yet the MoD invariably underspent in the 1970s because programme managers had to allow a sufficient margin to ensure that they remained within the cash limits. The result was a cumulative underfunding of defence plans. A report from the Committee on Public Accounts summarized the MoD view of cash limits in the following way:

The loss of resources of this magnitude to the defence programme was in their view inconsistent with the objectives for which the budget was prepared and voted by Parliament.¹⁴

In the context of departmental budgeting underspending was inefficient rather than a source of savings because it resulted in programmes being spread over a longer period. The

¹³ D.A.Brown, 'Cuts Imperil British Force Planning,' Aviation Week & Space Technology (10 Nov 1980), p. 57.

¹⁴ 27th Report from the Public Accounts Committee, 1979-80, [untitled], (HC 766), 31 July 1980, p. vi.

more protracted the stages of development and production, the more an item would cost in the end. Certain costs such as overheads had to be paid regardless of the rate of progress on a project and delays also increased the risks of inflationary price rises.¹⁵

Even while arguing against cash limits the MoD was obliged to remain within them. Thus, at the beginning of August 1980 Pym was forced to impose a three-month moratorium on defence spending. This was not a welcome decision: 'the moratorium was a nuisance and was only imposed because it was necessary. It upset the contractors and upset the services. There were a lot of inconveniences.'¹⁶ According to the then Secretary of State for Trade John Nott, and Pym's successor at the MoD, the moratorium was brought about only under pressure from other members of the government: 'as economic ministers we moved in rather as a sort of group on the Ministry of Defence and that led to great pressure being put on Francis to curb the programme. That led to Francis' declaration of a moratorium.'¹⁷ Those in Cabinet who shared

¹⁵ One example of delays in procurement programmes raising costs was the Type-42 destroyer HMS Cardiff. Vickers Shipbuilders had originally intended to deliver the vessel in 1975 for a total cost of £15 million. Due to difficulties in recruiting labourers the ship was not completed until 1978 and cost double the original price (over £30 million). Fourth Report from the Committee of Public Accounts, 1976-77, [untitled], (HC 304), April 1977, pp. xii-xiii and Q. 92.

¹⁶ Interview with Lord Francis Pym, 11 June 1991.

¹⁷ Interview with Sir John Nott, 19 November 1991.

Thatcher's economic philosophy were ascendant.

The MoDs inability to remain within its cash limits weakened Pym's standing in budget negotiations with the Treasury and other spending departments. Partly as a result of a perceived inability of the MoD to keep its house in order, the Treasury began to question the exemption of the MoD from what were otherwise across-the-board cuts in public spending. As a result, in late 1980 disagreements began to emerge within Cabinet.¹⁸

Alternative views of the defence budget hinged on whether 1980-81 pressures were essentially short-term and could be solved within a single fiscal year or required a medium- or long-term readjustment of defence plans. Recent budgetary trends in defence, characterised by underspending, suggested that 1980-81 was a financial watershed. The Treasury, and even DS1, with responsibility for the Long-Term Costing, extrapolated from this point of the 1980-81 budget cycle that economic underperformance was leading to a yawning gap between plans and resources.¹⁹ Even after the moratorium, Sir Frank Cooper, Permanent Secretary at the MoD, had to inform Pym that the ministry was still likely to exceed its current budget by

¹⁸ Interview with Sir John Nott, 19 November 1991; Interview with Lord Francis Pym, 11 June 1991.

¹⁹ See P.Hennessy, Times (12 March 1981); The implications of the 1980-81 overspend may have been overgeneralised for the long-term budget. The causes of the budget crisis were imperfectly understood until the following year. See Ministry of Defence, The Study of the Control of Expenditure, Open Government Document 81/01 (OGD 81/01), November 1981.

£135 million. Nevertheless, Pym continued to see the Long Term Costing as 'under strain but not out of balance -- not to the point that something drastic had to be done.'²⁰ The key Conservative priorities -- economic recovery and a strong defence -- appeared to be in direct conflict.

Due to a volume of overall public expenditure one and one-half per cent higher than budgeted, in November 1980 the Treasury called for reductions in planned expenditure for the following fiscal year.²¹ John Biffen, Chief Secretary to the Treasury had already informed Pym that the financial situation required that the MoD cut £400 million from its 1981-82 fiscal year budget. Subsequently the proposed cut was raised to £500 million.²² Acutely aware of the difficulty of remaining within existing cash limits, much less reduced cash limits, Pym resisted the proposed cuts.

The Prime Minister's support for a £500 million cut in 1980-81 defence expenditure accorded with the prevailing monetarist view of economic priorities: to cut inflation by restricting the money supply and to eliminate the inefficiency suggested by the MoD underspend of 1979-80. There was also constant pressure from the Treasury and from other spending ministers who believed it was improper for the MoD to be

²⁰ Interview with Lord Francis Pym, 11 June 1991.

²¹ Geoffrey Howe, Hansard (24 Nov 1980), col. 205.

²² M. Donne, Financial Times (24 Oct 1980); D.A. Brown, Aviation Week & Space Technology (10 Nov 1980), p. 57.

insulated from the budget cuts experienced by other departments.

Pym regarded the proposed cuts as unwise in defence terms and contrary to the government's electoral commitment.²³ In resisting demands for further defence cuts he criticised the Treasury's role in the defence planning process. Pym believed the Treasury had too strong a voice in defence planning without having to consider defence implications: 'Their sole concern was the budget and they paid inadequate attention to defence needs and fulfilling the government's commitments.'²⁴ He argued for modification of the cash limits system on the basis that 'in the context of defence the strict annual cash limit system is not a sensible way of doing business.' Pym objected to Howe in the House that cash limits did not allow adequate flexibility for a department as large, complex, and important as the MoD. They were not, he said, 'the most delicate or suitable instruments with which to control our cash.'²⁵

Contrary to reports at the time Pym's resistance of defence cuts did not include an explicit threat to resign.²⁶ However, Pym and two of his junior ministers -- Minister of

²³ Interview with Lord Francis Pym, 11 June 1991.

²⁴ Interview with Lord Francis Pym, 11 June 1991.

²⁵ Francis Pym, Hansard (2 Dec 1980), cols. 119-121.

²⁶ E.Goodman, Times (29 Oct 1980); J.Langdon, Guardian (4 Nov 1980); F.Emery, Times (4 Nov 1980); Interview with Lord Francis Pym, 11 June 1991.

State Lord Strathcona and Navy Minister Keith Speed -- were prepared to leave if the Prime Minister overruled his objections.²⁷ According to Speed, 'With the moratorium the situation was serious but not critical. It is unlikely the government would have risked the resignation of three ministers in order to carry out defence cuts.'²⁸

Pym's defence of his ministry was impressive. The use of cash limits in defence budgeting continued, but the Treasury agreed to reduce the MoD's 1981-82 fiscal year cash limit by £200 million rather than £500 million.²⁹ Pym could not, however, shift the Cabinet's focus away from economics to political and strategic considerations. Nor were the Chiefs of Staff able to shake the Prime Minister's determination to cut defence by exercising their right to direct access for the first time in four years.³⁰ Ultimately it became evident that 'Mrs Thatcher and her ministers were more committed to reducing expenditure than to defence.'³¹

The Prime Minister's replacement of Francis Pym as

²⁷ Interview with Lord Francis Pym, 11 June 1991; Interview with Lord Strathcona, 1 October 1991; Interview with Keith Speed, 21 May 1991.

²⁸ Interview with the Rt. Hon. Keith Speed, 21 May 1991.

²⁹ Geoffrey Howe, Hansard (24 Nov 1980), col. 206; See also J.Wightman, Daily Telegraph (5 Nov 1980); F.Emery, Times (6 Nov 1980).

³⁰ M.White and R.Norton-Taylor, Guardian (13 Nov 1980); Times (13 Nov 1980).

³¹ Interview with Lord Francis Pym, 11 June 1991.

Secretary of State for Defence paved the way for a defence review in 1981. Although predisposed toward strong defences, Thatcher had come to suspect that ministers were not controlling the services. Problems with the defence programme in 1980 stimulated her interest in streamlining both the ministry and its programme. According to Pym, 'after that struggle she may have been convinced to put someone else in who would cut the programme.'³² In January 1981 Thatcher made Pym Leader of the House of Commons, technically a promotion but also removing him from a powerful spending ministry, at which he preferred to remain to oversee defence spending and revise Britain's role in NATO.³³ Similarly, the Prime Minister invited Lord Strathcona, who had backed Pym, to submit his resignation.³⁴ Keith Speed, in the more junior position of Navy Minister, escaped the purge.

The Treasury's concessions over 1981-82 spending had not eliminated current economic pressures facing the MoD and 'stringent discipline' had to be applied to the defence budget for the remainder of the fiscal year.³⁵ Attempts were made to limit the impact of the cuts on necessary activities, but the effect of the budgetary stringency on

³² Interview with Lord Francis Pym, 11 June 1991.

³³ L.Downie, International Herald Tribune (10-11 Jan 1981).

³⁴ Interview with Lord Strathcona, 1 October 1991.

³⁵ Memorandum submitted by the MoD, 'Winter Supplementary Estimates, 1980-81,' HC 223, Defence Cuts and Defence Estimates, p. 3.

the training and readiness of the military was alarming. By December 1980 naval fuel allocations had been reduced by around 50 per cent, ships had to be laid-up, and the RAF faced the possible cancellation of major equipment programmes. In the long-term, reductions in defence contracts threatened to damage the industries surrounding both those services.³⁶ According to Sir Frank Cooper, 'from the time of the moratorium it was crystal clear there would have to be a review of some kind or another.'³⁷

By conceding to Pym in late 1980 and defusing the immediate tension over government priorities, Thatcher and her Cabinet allies were in a stronger position in 1981 to address defence spending on their own terms. John Nott, who as Secretary of State for Trade was a member of both key Cabinet committees chaired by the Prime Minister -- Overseas Defence and the Economic Committee -- was one of the handful of ministers 'who shared her economic views.'³⁸ He was therefore a logical choice to succeed Pym.

JOHN NOTT AND THE MOD

³⁶ D.Wettern, Daily Telegraph (15 Dec 1980) and Air Cdre G.S. Cooper, Daily Telegraph (15 Dec 1980); Cmnd 8212-I, Statement on the Defence Estimates, 1981 (April 1981), para 6.

³⁷ Interview with Sir Frank Cooper, 24 April 1991.

³⁸ Interview with Sir John Nott, 19 November 1991; Nott was one of the Prime Minister's closest colleagues. See John Ranelagh, Thatcher's People (London: Harper Collins, 1991), especially pp. 213-4.

Appointment of John Nott as Pym's successor was widely viewed as the precursor to major defence cuts. The significance of the appointment was noted not only by the media and the House of Commons but also by Britain's NATO allies. Several nights after the appointment, Keith Speed attended a US Embassy dinner at Wynfield House at which he was told 'by a very senior diplomat from a friendly NATO ally' that Nott's remit was to 'do a hatchet man's job' on the defence budget.³⁹ Speed reserved personal judgement because of Nott's role in arranging for British Airlines to fly into Hong Kong. Nott had taken a 'tough, courageous decision,' which Speed admired.⁴⁰

Undoubtedly, Nott's ability to take courageous decisions and see them through played a role in his selection as Secretary of State for Defence. To his new job John Nott brought more than a reputation as a 'firm hand'. Nott had experience as a merchant banker, strong monetarist views and a prior affiliation with the Treasury. His background prompted Conservative MP Julian Amery to remark that Nott's appointment was 'the first time that the Treasury team has managed to oust a Defence Minister.'⁴¹ Nott denied belonging to any 'Treasury Team', but knew when he

³⁹ Keith Speed, Sea Change, (Bath: Ashgrove Press, 1982), p. 89; According to Speed, 'Americans and others' held this view. Interview with the Rt. Hon. Keith Speed, 21 May 1991.

⁴⁰ Interview with the Rt. Hon. Keith Speed, 21 May 1991.

⁴¹ Julian Amery, Hansard (20 Jan 1981), col. 157.

accepted the post that he would have to make hard choices. However, the Prime Minister never explicitly asked him to undertake a defence review: 'There was no mandate because I think both of us privately knew that something would have to be done.'⁴²

Nott had a different approach to defence management than Pym, who was a consensus politician 'quite content to operate the system as it existed.'⁴³ Shortly after leaving the government Pym wrote that 'the spirit of the age encourages us to be absolutist...Margaret Thatcher is in tune with this spirit and has perhaps done more than anyone to create it.'⁴⁴ Pym did not share what he saw as the absolutist spirit and prided himself on bringing others with him when making decisions.⁴⁵

There is nothing to suggest that Nott was in tune with an absolutist zeitgeist but he had a background in economics and was prepared to take difficult decisions. Nott was by all accounts an intelligent and capable individual and, moreover, an independent thinker. Indeed, to the 'horror' of the Prime

⁴² Interview with Sir John Nott, 19 November 1991; see also John Nott, Hansard (20 Jan 1981), cols. 156-7; Thatcher similarly denied having given Nott such a remit in her remarks to the Conservative Back Bench Defence Committee on January 14, 1981. Financial Times (15 Jan 1981).

⁴³ Interview with Lord Francis Pym, 11 June 1991.

⁴⁴ Francis Pym, The Politics of Consent, (London: Hamish Hamilton), p. 2.

⁴⁵ Interview with Lord Francis Pym, 11 June 1991; see also Pym, The Politics of Consent, especially pp. 1-3.

Minister, Nott was initially sceptical about the need to purchase the Trident missile:

I was a sceptic about the nuclear programme. I had been the only member of Cabinet who to the surprise and horror of the Prime Minister had protested when it was announced to the whole Cabinet that we were going to replace Polaris with Trident I.⁴⁶

Although a member of the Cabinet Overseas and Defence Committee and familiar with the defence policy issues which had arisen since 1979, Nott recognised that he had inadequate information on which to base a strong view against Trident. Immersing himself in briefings and books about the nuclear deterrent was thus one of his first actions as Defence Secretary. The Deputy Under Secretary (Policy), Sir Michael Quinlan, an acknowledged expert on nuclear deterrence, played an important role in convincing Nott that Trident was indeed a necessary follow-on to Polaris.⁴⁷ According to Nott,

Not only did I clear my own scepticism about the modernisation of the deterrent but I also made up my mind that somehow I had to get the D5 programme through and scrap the Trident I. It was much more expensive initially but in my judgement it would be far cheaper for us over the longer period.⁴⁸

In the course of considering the deterrent Nott developed a

⁴⁶ Interview with Sir John Nott, 19 November 1991; See also P.Hennessy, Times (18 June 1981).

⁴⁷ See, for example, Sir Michael's 'Nuclear Weapons: The Basic Issues,' The Ampleforth Journal Vol XCI, part II, (Autumn 1986); and 'The Ethics of Nuclear Deterrence,' Theological Studies Vol 48 (1987).

⁴⁸ Interview with Sir John Nott, 19 November 1991.

close working relationship with Quinlan.⁴⁹

Nott's immediate problem was the short-term crisis in the defence budget: 'the moratorium had been declared but absolutely nothing had been started to deal with the problem. The crisis was there but no solution.'⁵⁰ In the first few weeks he was entirely occupied with trying to find £200 million in savings to remain within 1980-81 cash limits. Thus, in his first statement to the House as Secretary of Defence, Nott, who had not yet embarked on a fundamental review, could genuinely assure back bench Conservatives that he was robust on defence.⁵¹ Strong endorsement of the nuclear deterrent as an integral part of the defence programme rather than an adjunct to it boosted the confidence of Nott's party colleagues.⁵² While Nott voiced approval of the cash limits system as a method of budgetary control he strongly denied that he had been appointed to conduct a budget cutting exercise. 'Talk of apocalyptic choices between key defence tasks,' he said, 'is wide of the mark...We must maintain balanced forces, although there may be changes in emphasis between the two [a maritime capability and the central front].'⁵³

⁴⁹ Interview with Sir John Nott, 19 November 1991.

⁵⁰ Interview with Sir John Nott, 19 November 1991.

⁵¹ H.Noyes, Times (21 Jan 1981).

⁵² John Nott, Hansard (20 Jan 1981), col. 135.

⁵³ John Nott, Hansard (20 Jan 1981), cols. 152, 155.

The decision to undertake a fundamental review grew out of Nott's attempt to cope with the short-term budget crisis:

It was at the moment of trying to find the £200 million, which we never did, that I realized the programme was hopelessly overinflated. Very simply, the aspirations of the military had found a very happy ally with the expressed aspirations of the Conservative Government for defence expenditure.⁵⁴

As a politician, Nott did not want a divisive, public defence review: 'What was in my interest was a quiet, internal, urgent review of the LTC.'⁵⁵ However, as the minister responsible for the defence budget, Nott believed that avoiding hard choices was unacceptable: 'I was determined we would not have a salami-slicing exercise which is what we had been doing all along.'⁵⁶ Once convinced that the long-term programme was out of line with resources Nott was prepared to confront the problem.

With the Prime Minister's support, Nott adopted a strategic approach to defence priorities. In deciding to conduct a review he relied primarily on the advice of the Permanent Under Secretary, Sir Frank Cooper, and the Deputy

⁵⁴ Interview with Sir John Nott, 19 November 1991; In February 1981 it looked as if the MoD would exceed its 1980-81 cash limits by over £250 million. Third Report from the Committee of Public Accounts, 1980-81, Matters Relating to the Ministry of Defence (HC 125). 30 April 1981, Q. 85; see also C.Brown, Guardian (3 Feb 1981); Financial Times (3 Feb 1981); The overspend was ultimately reduced to £64 million. OGD 81/01, p. 1.

⁵⁵ Interview with Sir John Nott, 19 November 1991.

⁵⁶ Interview with Sir John Nott, 19 November 1991; See also M.Donne, Financial Times (23 Jan 1981).

Under Secretary (Policy) Sir Michael Quinlan. According to Nott 'Frank and Michael were very keen to have a defence review.'⁵⁷ The decision, however, was taken by Nott, who also determined the manner in which the review would be conducted. According to Cooper, Nott's single greatest contribution to the review was to conclude:

Let's have some degree of choice about it so we are not totally tied and we have some room for manoeuvrability rather than be in a situation where we can hardly move a leg left or right without having to go through a cathartic experience with some other programme.'⁵⁸

Nott believed the cutbacks and moratorium implemented in 1980-81 had caused essential activities such as training and certain deployments to be 'held back too severely' and sought to eliminate year end cost-cutting.⁵⁹ Nott also concluded that escalating equipment costs confronted the government with a choice between the ongoing degradation of Britain's operational capability and taking 'a fresh new look at how we perform our tasks.'⁶⁰

Concern for consensus would surely have undermined Nott's effort fundamentally to alter the defence programme. The Service Chiefs, at least, would protest major cuts to their programmes which they saw as damaging to their ability to

⁵⁷ Interview with Sir John Nott, 19 November 1991.

⁵⁸ Interview with Sir Frank Cooper, 24 April 1991.

⁵⁹ Cmnd 8212-I, Statement on the Defence Estimates, 1981, p. 1, para 6.

⁶⁰ John Nott, Hansard (19 May 1981), col. 160.

perform essential commitments or to the future of their service. Initially, Nott expected the Chiefs of Staff Committee to play an important role in the review and in January he issued a directive for them to report on their priorities. He explicitly rejected parcelling out reductions in defence expenditure in doses of equal misery and concluded that the objectives of the defence review required a comprehensive look at Britain's defence commitments in the medium and long-term.⁶¹

CIVIL-MILITARY RELATIONS: THE BALANCE OF INFLUENCE

From the outset, the review was likely to affect the balance of influence within the MoD. Nott's decision to conduct a fundamental review reconsidering the pillars of British defence foreshadowed a major reallocation of resources and the imposition of disproportionate cuts, in this case on the Royal Navy. In establishing the assumptions on which the review was to be based Nott asked: 'Are you going to equip your forces to meet the Soviet threat, and provide "deterrence," or is it for some other purpose?'⁶² Nott's rejection of the concept of equal misery among the services inhibited the emergence of a consensus among the Chiefs of

⁶¹ Interview with Sir Frank Cooper, 24 April 1991.

⁶² Nott quoted in Michael Charlton, The Little Platoon: Diplomacy and the Falklands Dispute (Oxford: Basil Blackwell, 1989), p. 150.

Staff and thus increased the likelihood that responsibility for readjusting the programme would fall to the central staffs.

Key points of contact between the services and the central civilian staff are relationships at the highest levels. After 1977 the principal planning forum was the Financial Planning and Management Group established by Sir Frank Cooper, which brought together the Chiefs of Staff, the Chief Scientific Adviser and the Chief of Defence Procurement, with the Permanent Under Secretary in the chair.⁶³ However, strategic and economic circumstances have a vital impact on the operation of the ministry. In peacetime, for instance, the ministry is resource-constrained and the PUS tends to dominate planning exercises, whereas in wartime the ministry is demand driven and the CDS usually gets what he requests. The FPMG was oriented toward defence management in a normal year and was not the appropriate forum for conducting a major defence review. Thus, although reports prepared for the FPMG by DS1 provided the rationale for the review it was not conducted by the FPMG.⁶⁴

Nor is the balance of civilian and military advice to the Secretary of State limited to organisational norms or the personal chemistry of only the most senior advisers. The

⁶³ See Sir Ewen Broadbent, The Military and Government: From Macmillan to Heseltine (London: Macmillan, 1988), p. 185.

⁶⁴ Interview with Sir Frank Cooper, 24 April 1991; P.Hennessy, Times (12 March 1981).

nature of the advice which he is given can be strongly influenced by working relationships beneath the sixth floor:

Describing the Ministry in terms of formal structure of senior appointments and the main functional committees may give the misleading impression that working methods are excessively formalised and issues co-ordinated at very high levels. In practice there is a network of contacts at all levels within the Ministry and with other Government Departments which brings together representatives of the central staffs, Service Departments, and the Procurement Executive.⁶⁵

Often it is at the two-star level and below that influential concepts and arguments enter the decision-making process.

The 1981 review process was conditioned by the mini-review conducted in 1980 by the Defence Programme Working Party. The DPWP represented the first time a small group in the central staffs had assumed the foremost role in reviewing plans. Prior to the DPWP, in 1978, a Way Ahead Study Group (WASG) had been established within the central defence staff by Chief of Defence Staff Neil Cameron, who had wanted to conduct a much more fundamental review than actually resulted.⁶⁶ Nevertheless, the WASG's product was quite a seminal work, looking at what the MoD should do if current economic trends continued. The government had not taken

⁶⁵ Memorandum by the Ministry of Defence [DP19 HCDC 145/1] October 1981, paragraph 10 in Second Report from the Defence Committee, 1981-82, Ministry of Defence Organisation and Procurement (HC 22-II).

⁶⁶ Cameron later delivered a lecture entitled 'The Way Ahead,' evidently drawing on the defence policy staff's analysis. See Neil Cameron, In the Midst of Things (London: Hodder and Stoughton, 1986), pp. 220-1.

specific decisions on the programme so the WASG was a 'clean piece of paper exercise.'⁶⁷

In 1980 placing responsibility for proposals with 'the three wise men' of the DPWP had been deemed an effective way to develop sound alternatives. The key problem as far as Pym was concerned was striking the right balance between service and Central Staff input into planning. He believed, moreover, that with the DPWP this balance was 'perfectly reasonable.'⁶⁸

In contrast to the WASG, the DPWP was not a clean piece of paper exercise. The DPWP had fixed parameters and decisions were expected to follow. The DPWP had before it reams of figures indicating what was in service programmes and how much needed to be saved:

The single services were consulted in the process but we had been asked to conduct a fundamental review. There had been masses of paper, including from the WASG, and we had reached the point when it was time to take a view. What we did was make our proposals known to the services and then, after they had presented reports on their priorities, we would have the two-star service policy representatives into Quinlan's office -- this was the fix-it level.⁶⁹

Thus the services participated, presenting their priorities both in reports and oral testimony, but the DPWP drafted the final recommendations. The main sources of service input had

⁶⁷ Interview with Air Chief Marshal Sir Joseph Gilbert, 6 December 1991.

⁶⁸ Interview with Lord Francis Pym, 11 June 1991.

⁶⁹ Interview with Air Chief Marshal Sir Joseph Gilbert, 6 December 1991.

been the Assistant Chief of the Naval Staff, Derek Reffell, Director of Military Operations, Lt. General Derek Boorman, and Assistant Chief of the Air Staff (Policy) Air Marshal Patrick Hine, each of whom kept his Chief of Staff well-informed.⁷⁰

The resulting cuts, mentioned above, were not welcomed by the services, nor were they viewed with alarm. The exercise had been seen mainly as an attempt at 'getting the LTC to bed.'⁷¹ According to then Chief of the Naval Staff Admiral Sir Henry Leach,

At no time in 1980 was I unduly perturbed about possible cuts in the Navy. The cuts proposed by the DPWP were not very painful but they convinced Pym that the programme could not be cut any more.⁷²

Ultimately, however, the Service Boards were dismayed by the process, since the final decisions were taken by the Secretary of State and a group of senior advisers, excluding the Service Chiefs. The principal people present at the final meetings during which the main 1980 decisions were taken were Pym, Quinlan, Cooper, Chief of Defence Procurement David Cardwell,

⁷⁰ This was exactly the same group responsible for service input into the 1981 review. Letter from Admiral Sir Derek Reffell, 29 January 1992; Interview with Lt. General Sir Derek Boorman, 8 January 1992; Interview with Air Marshal Sir Patrick Hine, 27 November 1991.

⁷¹ Interview with Lt. General Sir Derek Boorman, 8 January 1992.

⁷² Interview with Admiral of the Fleet Sir Henry Leach, 1 July 1991.

Mason, Lewin, and Gilbert.⁷³ Together this group appears to have constituted a Defence Programme Steering Group.⁷⁴

Thus, while the DPWP did not remove formal responsibility for defence planning from the services, it changed who did the ground work and most of the papers. The effect therefore, was a shift of influence, with the working party having the ear of the Secretary of State. According to Sir Henry Leach, the services, including those members of the central defence staff not on the DPWP, were allotted a reactive role:

They were faced with having to shoot down Quinlan's working party if they disagreed rather than having more input in the work itself. A good deal of the initiative had been placed in Quinlan's hands.⁷⁵

The early decision by Nott to reconsider the pillars of British defence did not inhibit service involvement in the 1981 review along the same lines as in 1980. However, also as in 1980, the role of the Chiefs of Staff Committee was negligible. Nott did not set out to exclude them. Indeed, 'The Chiefs of Staff were offered an appropriate role in the

⁷³ Interview with Air Chief Marshal Sir Joseph Gilbert, 6 December 1991.

⁷⁴ Evidence on the establishment of a Defence Programme Steering Group at this time is inconclusive. Certainly there was a group of this name by 1985 but it was a different body; chaired at the three-star level by the DCDS (Programmes and Personnel), and composed of two-star Assistant Chiefs of Defence Staff, it was responsible for preparing the LTC and a draft FPMG note to the VCDS and the 2nd PUS. See Malcolm McIntosh, Managing Britain's Defences (London: Macmillan, 1990), pp. 161-2.

⁷⁵ Interview with Admiral of the Fleet Sir Henry Leach, 1 July 1991.

decision-making.'⁷⁶ Nott had no fewer than nine formal meetings with the Chiefs of Staff (not including FPMG meetings) between January and June of 1981.⁷⁷ He also held many informal meetings.⁷⁸

Shortly after his appointment Nott and his most senior advisers spent an informal day in Greenwich at the house of Chief of Defence Staff Admiral Sir Terence Lewin. According to then Chief of the Air Staff Air Chief Marshal Sir Michael Beetham, 'we spent the whole day chatting over the thing. The Chiefs of Staff had no advisers. We also had a number of working lunches with Nott.'⁷⁹ As a result, 'the views of the single-service Chiefs of Staff were fully exposed to the Secretary of State, as were the views of the Chief of Defence Staff.'⁸⁰

The Chiefs of Staff Committee potentially could have played an important role in the review. However, in 1981 the committee was unable to develop a consensus view, inhibited by its structure and the budget battles of 1980, as a result of which service priorities had become firmly established. No

⁷⁶ Interview with Field Marshal Lord Bramall, 15 October 1991.

⁷⁷ Air Historical Branch Inquiry.

⁷⁸ Interview with Admiral of the Fleet Lord Lewin, 13 August 1991.

⁷⁹ Interview with Marshal of the RAF Sir Michael Beetham, 21 October 1991.

⁸⁰ Marshal of the RAF Sir Michael Beetham letter to The Times (17 May 1984).

Service Chief wanted further substantial cuts in his own service; flexibility in the early stages of a fundamental review could easily lead to severe cuts later on. The benefit of flexibility -- increased credibility with the Secretary of State -- depended on cautious judgements by the services.

The Army understood the need for credibility and to the chagrin of the some of his staff, the Chief of the General Staff, General Sir Edwin Bramall, gave Nott the option of cutting the BAOR to a small, mobile force in reserve.⁸¹ The Director of Military Operations, Lt. General Sir Derek Boorman, produced the idea of a two division reinforcement shock armoured reserve as an alternative to operating on the inter-German border. Bramall and Boorman both suspected the government lacked the political will for such a radical change and knew that, in the end, it would look unattractive because creating an elite, highly trained, fully equipped armoured force would cost money in the short-term. However, according to Boorman, 'We appeared flexible and ready to consider options which gave great credibility to the Army.'⁸² Indeed, Nott believed that 'the Army caused less problems' than the other services.⁸³

The risks to the Royal Navy, had it demonstrated early

⁸¹ Interview with Field Marshal Lord Bramall, 15 October 1991.

⁸² Interview with Lt. General Sir Derek Boorman, 8 January 1992.

⁸³ Interview with Sir John Nott, 19 November 1991.

flexibility, could have been far more serious. The Army's proposal was not without negative repercussions: 'Bramall was seen as the one Service Chief who took the spirit of the review to heart. He got enormous credit. [However,] it was a critical set-up punch, much misunderstood in the Army.'⁸⁴ Although staff relations with commanders are important, for the Navy there was even more at stake. As discussed in chapter four, basic assumptions underlying British defence planning favoured the Army and the RAF, who focused primarily on the land/air battle in Europe and air defence of the UK. Unlike the Army and Air Staffs, in 1981 the Naval Staff was fighting for the future role of its service.

Although Nott made no formal decisions in advance about what would be cut from the defence programme he revealed an early inclination to cut the Royal Navy. At the gathering in Greenwich each of Nott's senior advisors was given five to ten minutes to speak about his service or area of responsibility. When his turn arrived, Chief of the Naval Staff Admiral Sir Henry Leach, began by speaking about the Chevaline/Polaris system. He then turned to the surface fleet. However, as soon as he mentioned the carriers and amphibious assault ships Nott interrupted to ask 'why do we want surface ships?' Leach remained silent and the Chief of the Defence Staff Admiral Sir Terence Lewin filled the void, stating

⁸⁴ Interview with Lt. General Sir Derek Boorman, 8 January 1992.

'Secretary of State the First Sea Lord would need a great deal longer than five minutes to do any justice to that question.'⁸⁵ Leach concluded early on that the Royal Navy would bear the brunt of the 1981 defence cuts.⁸⁶

The threat to the Royal Navy's surface fleet did not originate with Nott personally. As discussed in detail in the next chapter, Nott's perspective on defence priorities was formulated on the basis of advice that he received within the MoD. Early government statements of defence policy and the traditional Conservative affinity for the Royal Navy notwithstanding, thinking within the ministry weighed heavily against the Naval Staff.

The renewed attention to global interests pledged in the 1980 Defence Estimates implied an increased emphasis on Britain's naval capabilities:

The token deployment of Royal Naval forces back into the Indian Ocean in the aftermath of the invasion of Afghanistan raise[d] the possibility of British forces operating more generally outside the NATO area.⁸⁷

The Armilla patrol of two ships in the Gulf of Oman further strengthened this possibility. Economically, the Navy made a cost-effective contribution to NATO. Providing seventy per

⁸⁵ Interview with Admiral of the Fleet Sir Henry Leach, 1 July 1991; Interview with Admiral of the Fleet Lord Lewin, 13 August 1991; Interview with Sir Ronald Mason, 4 July 1991.

⁸⁶ Interview with Admiral of the Fleet Sir Henry Leach, 1 July 1991.

⁸⁷ Laurence Martin, 'Defence of the Realm,' Washington Quarterly (Autumn 1980), p. 149.

cent of NATO forces in the East Atlantic required twenty-six per cent of the defence budget whereas providing only ten per cent of NATO forces on the central front required nearly forty per cent.⁸⁸ In addition, Britain relied on shipping for around ninety-five per cent of its trade. As discussed previously, geography and history also favoured the preservation of Britain's maritime capabilities. Perhaps most importantly, the Royal Navy had strong support within the Conservative Party.⁸⁹ As a result, through 1980, when it became apparent that a defence review was likely in the near future, public statements about government priorities suggested that contracting the BAOR was a preferred option for achieving defence cuts.⁹⁰

Counterbalancing these factors, however, were other important considerations. Critically, cutting the BAOR would only provide savings in the longer-term -- once it stopped affecting the balance-of-payments -- and would even cost money in the short-term, as re-absorbing troops and their families would require additional spending on housing, education, and

⁸⁸ Lord Hill-Norton, 'Return to National Strategy,' in John Baylis, (ed), Alternative Approaches to British Defence Policy, (London: Macmillan, 1983), p. 133.

⁸⁹ Michael Chichester and John Wilkinson, The Uncertain Ally: British Defence Policy, 1960-1990 (Aldershot: Gower, 1982); Keith Speed, 'The Royal Navy and the Conservatives,' Navy International (May 1980).

⁹⁰ P. Simmonds, Sunday Times (21 June 1981); B. Bloom, Financial Times (22 May 1981); J. Critchley, Daily Telegraph (7 May 1981).

medical facilities in the UK. In addition, cutting British Forces Germany would have had serious political repercussions in NATO. The British Government was already involved in rows with its European allies which were construed by many to demonstrate a weak commitment to the continent. Prime Minister Thatcher sought an £800 million rebate over the European Budget and had expressed concern to the Federal Republic of Germany about BAOR foreign exchange costs.⁹¹ The US interest in Britain's conventional contribution to NATO, particularly the Central Region, had been evident throughout the Trident negotiations:

The view of OSD [Office of the Secretary of Defense] people in talking about priorities was that if forced to choose, they would enhance the BAOR because of its contribution to conventional defence in Europe. In the context of US security, next would have been the Royal Navy due to its role in SLOC protection.⁹²

There were already calls within the US Congress to withdraw US troops from Europe. Cuts in the BAOR would have strengthened these demands. It was thus a poor time to cut Britain's continental commitment, although this option was studied by the DPWP.

In considering cuts in the defence programme the DPWP developed two proposals: one favouring the Central Region and cutting the Royal Navy, the other favouring the Royal Navy and cutting forces in the Central Region. The DPWP recommended

⁹¹ H. Stanhope, Times (27 Nov 1979).

⁹² Interview with Walter Slocombe, 10 January 1991.

the former, arguing that it was the best strategic package. Growing emphasis on air defence and the expansion in the early 1980s of the BAOR beyond the Brussels Treaty commitment reflected the centre's defence priorities. Cutting the Navy may also have been seen as causing less damage to NATO than reducing forces in the Central Region since naval cuts would be less obvious.

Pym could not accept that there should be a trade off in continental or maritime capabilities. As stated in the Defence Estimates prepared under his supervision, Pym was willing to reconsider the whole balance of NATO responsibilities to increases Britain's out-of-area role. He believed there were more potential threats from other areas than from the Soviet Union along the Central Front. The only NATO members who could perform an out-of-area role were the UK, US and France. Pym did not formally propose the rethink although he discussed it quite often.⁹³ Pym might have pressed the issue had he remained at the MoD.⁹⁴ He did, however, adapt the work of the DPWP to reflect his own view: 'Continental versus maritime defence was an ongoing debate and, moreover, it was a question of balance, not of achieving

⁹³ See, for example, Second Report from the Defence Committee, 1979-80, Statement on the Defence Estimates, 1980 (HC 571), 23 April 1980, Q. 423; P.Simmonds and D.Wood, Sunday Telegraph (21 Dec 1980); M.White, Guardian (22 Dec 1980); T.Geraghty, Sunday Times (14 Jan 1981).

⁹⁴ Interview with Lord Francis Pym, 11 June 1991.

one at the expense of the other.'⁹⁵ Accordingly, the paper which came before OD concluded that all four pillars were essential.⁹⁶

Pym's policy, a consensus view, reflected both civilian and military advice. But the prevalent view among senior civilian staff, and some central defence staff, was that if a choice were necessary, cuts should fall most heavily on the naval programme, given Britain's overall economic, political and strategic situation. This view reflected not only the proposals put forward by the DPWP, but also those of an informal study group, casually referred to as 'Capabilities', which met regularly under the auspices of the Chief Scientific Adviser, Sir Ronald Mason.

Capabilities played the role of an in-house think tank and participants, in addition to Mason, included Lt. General Sir Maurice Johnston, Deputy Chief of Defence Staff (Operational Requirements), James Barnes, Deputy Chief Scientific Adviser (Projects), Bernard Day, Assistant Under Secretary (Operational Requirements) and his successor Brian Robson, J.D. Culshaw, Assistant Chief Scientific Adviser (Studies) and Director of the Defence Operational Analysis Establishment, and Colin Baron, Assistant Chief Scientific Adviser (Research). When the Capabilities meetings began in 1979 a major re-equipment programme was coming forward. One

⁹⁵ Interview with Lord Francis Pym, 11 June 1991.

⁹⁶ Interview with Sir John Nott, 19 November 1991.

purpose of the group was to help the CSA make recommendations to the Defence Equipment Policy Committee, the last body to consider project proposals before they entered the Long-Term Costing.

Through the Operational Requirements Committee, formally a subcommittee of the Chiefs of Staff Committee, the Service Chiefs exercised considerable influence over defence procurement. 'The Chiefs of Staff had locked up the ORC but could not lock up the DEPC. DEPC reports went straight to ministers.'⁹⁷ Many officials charged with adopting a 'purple' or overall view of defence priorities, believed that the ORC was seriously flawed. First, there was tacit agreement among the services that each would promote its own projects without criticising the others. Second, because operational requirements were initiated by individual Service Departments they tended to be the products of tunnel-vision; each service focused on the priority items in its programme.⁹⁸ Even the chairman of the ORC in 1981, Lt. General Sir Maurice Johnston, believed that it focused too much on replacing like with like (tanks with tanks, etcetera) rather than reassessing defence needs: 'There was too much emphasis on the toys and not on what they were intended to

⁹⁷ Interview with Sir Ronald Mason, 4 July 1991.

⁹⁸ Interview with Brian Robson, 6 November 1991.

accomplish.⁹⁹

Capabilities attempted to compensate for the narrow focus of the Operational Requirements Committee. According to Brian Robson,

Capabilities was an important source of vision outside a narrow service view; it was a source of a defence view...It was a forum in which one could actually toss around fairly wide-ranging ideas. By the time ideas got to the ORC they were already far along in their development. The ideas we tossed around in Capabilities were at an earlier stage -- before the requirement had been drafted.¹⁰⁰

The Capabilities panel relied heavily on analyses by the Defence Operational Analysis Establishment, which played an important part in the drafting and agreement of operational requirements, and was no stranger to conflicts with the services, as discussed previously.

Based on the conclusions of DOAE analyses the Capabilities panel drafted a report which reached Pym in December 1980. The report divided the defence programme into 8-10 capabilities, covering all of the most controversial aspects of service planning: anti-armour, air defence, ASW, and firepower.¹⁰¹ Among the conclusions was a rejection of the logic behind key elements in the Royal Navy's re-equipment programme: 'The fundamental problem with this re-equipment programme was that none of the improvements addressed the

⁹⁹ Interview with Lt. General Sir Maurice Johnston, 16 October 1991.

¹⁰⁰ Interview with Brian Robson, 6 November 1991.

¹⁰¹ Interview with Sir Ronald Mason, 4 July 1991.

problem of missiles such as the AS4 and AS5 or emerging cruise systems.¹⁰²

The Royal Navy was worried about air defence, but not particularly against standoff missiles. One major Royal Navy programme was the upgrade of the Type 42 frigate, the guided-missile destroyer. The Sea Dart surface-to-air missile, to be fitted on Type 42s as part of this upgrade, was one project that Capabilities criticised. It was to cost about £1.5 billion to improve sensors, fusing and propulsion, but like Bloodhound surface-to-air missiles Sea Dart was essentially for use against overflying airplanes or other large signature weapon systems.¹⁰³

After Capabilities had reported its findings to the Secretary of State Pym held a meeting with Mason, Cooper, and Quinlan. According to Mason, 'Pym held the paper quite gingerly and showed polite interest.' He recognised its implications but still sought to avoid a defence review. Mason made it clear that he would continue to take a robust stand and said to Pym 'there are storm clouds coming.' Cooper, commenting on Mason's proposals, told him 'you've got enough bloody rope to hang yourself.' Indeed, Mason was excoriated by the Navy for his proposals, which the Capabilities group revised and elaborated upon once Nott

¹⁰² Interview with Sir Ronald Mason, 4 July 1991.

¹⁰³ Interview with Sir Ronald Mason, 4 July 1991.

became Secretary of State.¹⁰⁴

Nott did not receive the revised Capabilities report until around the end of February so it could not have been on his mind during his meeting with the Chiefs of Staff in Greenwich. However, he had already been briefed on the defence programme by his top advisers and was aware of concerns about the Royal Navy's programme: 'By the time I went [to Greenwich]...I was aware that the naval programme was much more overextended than the others. I knew that the naval LTC was going to be the biggest trouble of the lot because it was the one that had been inflated more than the others.'¹⁰⁵

Nott's questioning of Leach may have been pointed but it was not intended to be aggressive. Nott went to Greenwich to initiate a dialogue with his Chiefs of Staff. He agreed to the meeting partly to enhance his understanding of the Chiefs' attitudes towards current strategy and partly for good relations: 'It was important that I heard what they said and that I demonstrated an interest in things they felt passionately about.'¹⁰⁶ The timing of Nott's remarks, however, alarmed the Chief of the Naval Staff, who was well aware that the Royal Navy programme had been criticised by the Chief Scientific Adviser and that the trend in thinking among

¹⁰⁴ Interview with Sir Ronald Mason, 4 July 1991. The impact of this report is discussed further in chapter seven.

¹⁰⁵ Interview with Sir John Nott, 19 November 1991.

¹⁰⁶ Interview with Sir John Nott, 19 November 1991.

those on the DPWP had been toward greater emphasis on the forces in the Central Region. Aware of these arguments against elements of the Navy programme, arguments with which he disagreed, Leach knew that demonstrating flexibility -- whatever the effect on his credibility -- would also make it easier for the Royal Navy to be radically reduced.

THE CHIEFS OF STAFF COMMITTEE

Lack of a consensus among the Chiefs of Staff was not necessarily a problem. The fundamental decisions about the direction of the defence programme are the responsibility of the Secretary of State. According to Marshal of the RAF Sir Michael Beetham, then Chief of the Air Staff, when the Chiefs of Staff cannot agree a consensus view their individual views should be put before the Secretary of State: 'If you are going to open an issue up you want, in my view, to hear all the arguments out from all the points of view. In the last analysis the decision is the ministers' and it is healthy for him to hear all the arguments.'¹⁰⁷ Moreover, it can be healthy for the Chiefs of Staff to have the opportunity to put forward the best case for their programmes. Then, if the decision goes against them, they can more readily accept the outcome: 'The services are apolitical in the sense that they

¹⁰⁷ Interview with Marshal of the RAF Sir Michael Beetham, 21 October 1991.

jump and scream until a decision is taken but once it is taken they shut up.'¹⁰⁸

Ministers, on the other hand, may not respond positively to divergent views among the services since the overwhelming impression can be one of incoherence. Nor could the Chief of Defence Staff effectively span the gap between the perspectives of the Service Chiefs by offering a 'purple' view of defence priorities. The Chief of Defence Staff was primus inter pares with respect to the other Chiefs of Staff but with limitations to his independence. He was bound to report to the Secretary of State both the consensus views of the committee and the dissenting arguments of any individual Service Chiefs.¹⁰⁹ 'The CDS had always had the right to submit an independent point of view, but this virtually never happened.'¹¹⁰ Instead, the Chiefs tended to work out compromises among themselves. Since compromise rarely leads to disproportionate sacrifices 'service' priorities do not ordinarily correspond to the 'defence' priorities of a Secretary of State conducting a fundamental review. The implicit assumption of cuts on the basis of equal misery is that the balance in the defence programme remains correct at the reduced level of spending. However, at some point

¹⁰⁸ Interview with Admiral of the Fleet Lord Hill-Norton, 18 July 1991.

¹⁰⁹ These restrictions are laid out in COS (Misc) 100/130B. See Johnston, 'MoD Reorganisation,' p. 10.

¹¹⁰ Interview with Admiral of the Fleet Sir Henry Leach, 1 July 1991.

incremental adjustments can prevent commitments from being discharged properly.

Under certain conditions, the formal authority of the Service Chiefs could redound more to the disadvantage of the CDS than to their own advantage. The CDS had no independent resources to study alternatives:

The central defence staffs served the CDS only as the Chairman of the Chiefs of Staff Committee...[and]...if the CDS wanted to conduct a study he had to have the consensus agreement of the Committee on the terms of reference which could take up to a fortnight to achieve.¹¹¹

Moreover, the central defence staffs conducting studies for the CDS still depended on the Service Boards for promotion. The Service Chiefs had slightly less control than they would for a regular service promotion, but defence staff nevertheless faced pressure to act on the priorities of the Service Chief. The services expected their officers on the defence staff to represent the service viewpoint rather than adopt a 'purple' perspective reflecting an overall view of defence priorities. Tension between service affiliation and the defence staff was also manifest at the highest level, though in a different way. According to Lewin, 'I was in a very difficult position as CDS, particularly since I was an Admiral. I had to take a defence view and couldn't give

¹¹¹ Interview with Admiral of the Fleet Lord Lewin, 13 August 1991; see also his testimony in Third Report from the Defence Committee, 1983-84, Ministry of Defence Reorganisation (HC 584), 15 October 1984, especially Q. 56.

Leach the support he deserved.¹¹²

The CDS was caught in an institutionalized conflict. He had to negotiate with the PUS and CSA on the one hand and with the Service Chiefs, on whom he relied for information and cooperation, on the other. With the Chiefs of Staff Committee unable to act in concert, and the CDS constrained in his ability to offer independent advice, there was little the services could do but rally around their own programmes. According to Cooper 'the Chiefs of Staff could not agree between themselves about where they wanted to go or not to go. Eventually it was done by the Secretary of State with the Defence Secretariat producing it as a result.'¹¹³ The net effect on the programme was not a radical departure from previous defence plans but a rapid acceleration of current trends, both in policy and the evolution of the ministry.

¹¹² Interview with Admiral of the Fleet Lord Lewin, 13 August 1991.

¹¹³ Interview with Sir Frank Cooper, 24 April 1991.

CHAPTER SEVEN

Conduct of the 1981 Defence Review

John Nott's assessment of defence priorities reflected the current trend toward specialisation on NATO tasks with an emphasis on the Central Region. Planned changes following the conduct of the 1981 defence review over a twelve week period represented a rapid acceleration of existing policy. In keeping with the growing emphasis on air defence Royal Air Force funding was increased. Though there were organizational changes and unwelcome personnel cuts the Army programme remained intact. Consequently, large cuts fell on the Royal Navy. The Defence Programme Working Party in 1980 further reoriented the defence programme toward the central front, but although its cuts fell disproportionately on the Navy they had not been severe. Like many previous annual planning exercises the 1980 mini-review had resulted only in interim measures. In contrast, the 1981 review was fundamental, with Nott accelerating the shift in resources away from the Navy.

THE BERMUDAGRAM

John Nott's early contact with the Chiefs of Staff convinced him that he would have to take the initiative in the defence review. In February he received service reports on

their roles and priorities and found them an inadequate basis for a fundamental review.¹ Nott was encouraged to take the initiative by his senior civilian advisers, who told him: 'Look, time is slipping by. When we looked for the £200 million you became aware that we had a real long-term problem. We've got to do something about it. We've got to start making a move.'² Nott agreed and decided the manner in which the review would be conducted. Determined to conduct a strategic review, he decided that the services should be asked their priorities 'from the bottom up.'³

The directive launching the defence review was issued in March after Nott returned from an inter-parliamentary conference in Bermuda. Consequently, it was referred to by the service staffs as the 'Bermudagram' or 'Nottgram'. However, the directive was actually drafted by central staff, including the Permanent Under Secretary (PUS), Sir Frank Cooper, and the Deputy Under Secretary (Policy), Sir Michael Quinlan, while Nott was away. According to Nott, 'I went off to Bermuda... and they drafted the Bermudagram note while I was away. When I came back it was extremely well-drafted -- Michael was a brilliant draftsman.'⁴ There was, however, one

¹ P.Hennessy, Times (18 June 1981).

² Interview with Sir John Nott, 19 November 1991.

³ Interview with Sir John Nott, 19 November 1991; see also John Nott, Hansard (19 May 1991), col. 162.

⁴ Interview with Sir John Nott, 19 November 1991.

major outstanding issue: where in the defence budget to place Trident.

The choices were to spread the cost of modernising the deterrent across all three Services or to place it in the Navy's budget. A common assumption, as discussed in chapter five, has been that no money for a Polaris successor appeared in the forward programme prior to the replacement decision. Yet when Pym announced the decision in July 1980 it had been pending for some time and there is reason to believe that allowance could have been made in the forward programme. The 1980 programme was, according to Quinlan, based 'on costing assumptions envisioned as higher than those needed before Trident was in the programme.'⁵ Asked in 1980 if Trident would impact on other elements of the defence programme Quinlan said that while it was not possible in the LTC to link unrelated programmes that go forward to those that do not, the LTCs of the previous and current governments more than allowed for Trident expenditure to be placed in the programme:

The total amount of money envisaged in our working assumption as compared with the total in the previous costing is very different, and the difference between the two is more than equal to the amount Trident is assessed at costing in these years. Therefore it follows that quite apart from the difficulties of identifying displacement and connecting one change with another there is no displacement for Trident from the earlier programme.'⁶

⁵ Fourth Report from the Defence Committee, 1980-81, Strategic Nuclear Weapons Policy (HC 36), 20 May 1981, Q. 533.

⁶ HC 36, Strategic Nuclear Weapons Policy, Q. 536.

However, even if resources for Polaris replacement had appeared in a non-allocated budget heading a decision to move Trident to a service heading obviously had great significance, and the Royal Navy knew it.

The Director of Naval Plans and others among the Naval Staff cautioned their senior officers against accepting Trident into the existing Navy budget on the basis that it would distort the naval programme.⁷ However, Nott did not consult the services over this decision:

It was the key decision and I didn't involve the services in that decision because there was no way I could ask the Chiefs of Staff what their view was because I knew what they would all say. The two other services would say it's a naval programme, which it is.

To avoid this conflict, Nott, with the advice of Quinlan and Cooper, made the decision to place Trident in the Navy programme. His rationale, and what he saw as 'the core issue,' was that the naval programme was the most overextended:

One of the influences on my decision about this was that the naval programme was much the most overextended of the three. This was even without the modernisation of the deterrent. They had things in their programme that we were never ever going to be able to afford. It was a byproduct of the three per cent growth forever syndrome.⁸

This decision, and the detail of proposed changes in the size and shape of the armed forces outlined in the Bermudagram,

⁷ Admiral Sandy Woodward with Patrick Robinson, One Hundred Days (London: Harper Collins, 1992), pp. 60-1.

⁸ Interview with Sir John Nott, 19 November 1991.

inspired considerable criticism of decision-making within the ministry. According to Keith Speed, 'Decisions were being made in the review without it being clear to anyone who was making them.'⁹

On March 16 the Bermudagram was sent to the Service Chiefs, with others on the circulation list.¹⁰ In addition to detailed proposals for the programme the Bermudagram included a list of questions for each service to answer.¹¹ The answers were to be based on an accompanying set of assumptions about expected warning time, the duration of the conflict, the level of hostilities, and available resources. Naturally, the assumptions were crucial to the outcome of the review. Low warning time necessitated a higher alert status and thus required greater resources. Combined with the assumptions that war in Europe would be short and intense, the logic behind transatlantic reinforcement was seriously weakened.

The implications for the Royal Navy were severe. The percentage share of the defence budget allocated to the Navy declined several per cent. The planning totals outlined in the Bermudagram affected the services in the following ways:

⁹ Interview with the Rt. Hon. Keith Speed, 21 May 1991.

¹⁰ The precise date is cited in Lt. General Sir Maurice Johnston, 'MoD Reorganisation: More Power to the Centre,' RUSI Journal Vol. 128, No. 1 (March 1983), p. 8.

¹¹ Interview with Air Marshal Sir Patrick Hine, 27 November 1991.

1. the Army budget remained essentially unchanged;
2. the RAF budget was increased;
3. the percentage going to the Royal Navy budget was cut by 3-5 per cent from about 29 per cent to about 25 per cent of the budget.

Drawing on the analysis of the DS1 report to demonstrate that programmes had to be adjusted in the medium term, the Bermudagram instructed the Service Chiefs to bring their programmes into line with the percentage figures at two future dates in the Long-Term Costing -- 5 and 10 years. 'By this time the Chiefs of Staff had effectively been marginalised and never regained the initiative.'¹²

THE INTELLECTUAL 'BEDROCK'

The ideas underlying the Bermudagram are the core of the 1981 defence review. Not only did that directive formally launch the review but it also represented the greater part of it. According to Admiral Leach, 'The Bermudagram was two-thirds to three-quarters of the defence review....This formed the bedrock of the entire defence review. Although it was carved about the edges it was not really changed until after the Falklands War.'¹³ It is thus vitally important to analyze the origins of the Bermudagram and the priorities it implied before discussing service responses.

¹² Interview with Air Marshal Sir Patrick Hine, 27 November 1991.

¹³ Interview with Admiral of the Fleet Sir Henry Leach, 1 July 1991.

Preparation of the Bermudagram demonstrated the extent to which 1981 was a watershed in civil-military relations: two reports played a vital role in its preparation but neither were drafted by Service Departments. The review thus appeared to senior people in the ministry to have been conducted 'in a most ad hoc way. It was sort of "back of an envelope" stuff, and there was a great deal of preconception about it.'¹⁴ Not only the services, but also junior ministers were given no significant role in the review. Instead, 'Nott simply issued ex cathedra arguments to work more on this or that cut.'¹⁵ There was, in fact, considerable analysis underlying the review, but the key ideas had originated with a small group within the central staffs and most had been developed before Nott arrived at the ministry. The pace of the review, however, and its fundamental character, precluded close service involvement in the review process.

The report by Defence Secretariat 1 given to Nott when he first became Secretary of State for Defence provided the rationale for the review. This report, mentioned in the last chapter, stemmed from a project to assess the feasibility of sustaining equipment cost growth rates forecast in the 1980

¹⁴ Admiral of the Fleet Sir Henry Leach quoted in Michael Charlton, The Little Platoon, (Oxford: Basil Blackwell, 1989), p. 148.

¹⁵ Interview with the Rt. Hon. Keith Speed, 21 May 1991.

Long-Term Costing.¹⁶ In considering forward expenditure DS1 looked first at the programme and then at economic growth as a percentage of the Gross Domestic Product. The defence budget was recalculated as a percentage of GDP and comparison showed a huge gap between plans and the resources likely to be available, with the problem getting worse farther forward in the programme. A £500 million gap was predicted for fiscal year 1982-83, with serious trouble, a difference of billions of pounds, coming after only 3 to 4 years.¹⁷

Nott readily accepted this analysis. It was the key reason why, when he looked at the long-term programme, 'he took very quickly the view that however much money was made available the programme was not capable of being fulfilled.'¹⁸ The analysis showed that rapid equipment cost escalation meant that maintaining the existing range and level of defence capabilities would be difficult, even with three per cent annual increases. Ultimately this report was the reason why Nott believed Britain had to concentrate its

¹⁶ In 1980 the FPMG established a subcommittee chaired by Desmond Bryars, DUS (Finance and Budgets), to carry out this task. Hennessy, Times (12 March 1981); At that time support to the FPMG was provided by Defence Secretariat 1 (DS1) which was then under the direction of Assistant Under Secretary (Programmes and Budgets), (now Sir) John Bourn. Bourn reported to Quinlan.

¹⁷ P.Hennessy, Times (12 Mar 1981); T.K. Bridge, 'UK Defence: The Next Ten Years,' Army Quarterly (July 1981), p. 268.

¹⁸ Interview with Sir Frank Cooper, 24 April 1991.

resources to specialise on its highest priorities.¹⁹

Accordingly, in the 1981 Defence Estimates Nott wrote:

The complexity and cost of most equipment has risen, and continues to rise, alarmingly...New ways must be found of coping with resource pressures, and we must re-shape our forces to meet the developing threat...I shall be considering in the coming months with the Chiefs of Staff, and in consultation with our NATO allies, how technological and other changes can help us fulfil the same basic roles more effectively in the future without the massive increase in real defence expenditure which the escalation of equipment costs might otherwise imply.²⁰

The detail of the Bermudagram was based on a second report, an elaboration of the Capabilities paper given to Pym in December 1980. It reached the same basic conclusions but by this time 'the study had grown into a policy paper.' In March, Cooper told Mason that the defence review had to be completed in three months. 'The Capabilities paper was there, Nott called for it.'²¹ The paper's official status was unusual. Its author was Deputy Chief of Defence Staff (OR) Lt. General Sir Maurice Johnston, but the paper was not adopted by the Chiefs of Staff. They simply 'noted' it and deemed it to be no more than a paper by the Deputy Chief of Defence Staff.²²

¹⁹ M.Donne, Financial Times (7 Mar 1981).

²⁰ Cmnd 8212-I, Statement on the Defence Estimates, 1981, p.1, paras 4,7.

²¹ Interview with Sir Ronald Mason, 4 July 1991.

²² Interview with Lt. General Sir Maurice Johnston, 16 October 1991.

Nevertheless, it had a tremendous impact on Nott, who described Johnston as 'the best brains on the central military staff.'²³ His principal arguments were that '1. we were too mesmerized by platforms, and 2. we were not looking enough at weapons.' On this basis, Johnston recommended major cuts in the Royal Navy.²⁴ First, he argued that the Navy spent too much on ships and too little on weapons. Second, he argued that greater emphasis should be placed on the Navy's ASW role in the East Atlantic rather than on providing convoy protection for the transatlantic shipment of military reinforcements.²⁵ Johnston did not believe that surface ships were obsolete; he accepted their role in providing 'presence' and therefore as a deterrent, but the prevailing assumption that Britain had to prepare for a short war made the Royal Navy the logical service to cut.²⁶

A second area of the naval programme targeted for savings was the Royal Marines. Their principal military role in a war in Europe would have been to reinforce Norway, if necessary by amphibious assault. Preparing for this task also provided them the ability to conduct amphibious operations elsewhere, such as in the South Atlantic. Yet Britain's contribution to

²³ Interview with Sir John Nott, 19 November 1991.

²⁴ Interview with Lt. General Sir Maurice Johnston, 16 October 1991.

²⁵ Interview with Sir Ronald Mason, 4 July 1991.

²⁶ Interview with Lt. General Sir Maurice Johnston, 16 October 1991.

the NATO flanks had long been subject to contraction, particularly as specialist reinforcements were a costly and, in some ways, distinct element of the defence programme. Moreover, the Royal Navy tended to place a lower priority on the Royal Marines than on the surface fleet. Indeed, they were regarded by some as a 'regulator' of the Navy budget. One of the economies announced by Nott in January 1981 was the merging of No. 41 Commando with the other three commandos.²⁷ The Royal Marines were thus vulnerable, particularly once the concepts on which their principal role was based came under criticism.

General Johnston questioned the scenario for reinforcing the northern flank, whose purpose was to boost deterrence and reassure Norway. But reinforcement requiring amphibious assault ships, or Landing Platform Docks (LPDs), suggested it would not take place until after the Soviets had already invaded. Johnston concluded that boosting deterrence and reassuring NATO did not require LPDs which, as highly capable and specialised ships, were very expensive. Instead, soldiers could be dropped into Norway by air, which would be quicker, therefore likely to be completed earlier in a conflict, and less expensive.²⁸ According to Nott, 'the idea that the Royal Marines should be placed in Norway by assault ships

²⁷ John Nott, Hansard (20 Jan 1981), col. 152.

²⁸ Interview with Lt. General Sir Maurice Johnston, 16 October 1991.

faltered on the fact that this sort of landing would have been virtually impossible within range of Soviet air power.'²⁹ As a result, 'The Marines were under serious threat at one time. One thing looked at was to bring all the specialist forces together but in a reduced number.'³⁰

As a proper 'purple analysis' of defence priorities, Johnston's paper also attacked Army and RAF shibboleths. The Army had relied for centuries on the fire and movement principle -- shock tactics -- and the tank was their battlefield weapon to achieve this shock. Johnston argued that more effort should be put into producing the effect of the tank, though not necessarily with the tank. He concluded that standoff observation and mobile firepower, particularly the Multiple Launched Rocket System, could be effective at less cost. Similarly, the RAF could use more aerial and satellite surveillance instead of replacing each new generation of aircraft with another similar in nature.³¹ The impact of the report was enhanced by quantitative evidence in support of its conclusions. It drew on both recent operational research and detailed cost analyses conducted by DS1.

As with the arguments put forward by the DS1 report, Nott's introduction to the 1981 Defence Estimates reflected

²⁹ Interview with Sir John Nott, 19 November 1991.

³⁰ Interview with Sir Frank Cooper, 24 April 1991.

³¹ Interview with Lt. General Sir Maurice Johnston, 16 October 1991.

Johnston's recommendations, which were also shared by the Chief Scientific Adviser:

Successive budgetary pressures have meant cutbacks on procurement, and, given the inevitable constraints of a large investment programme already committed, these cuts have fallen unduly on newer programmes still at an early stage. One consequence is that the capital stock is unbalanced, with too much tied up in platforms -- at sea, on land, or in the air -- and not enough in the weapons and sensors they need to carry.³²

The influence of these reports went beyond their direct impact on Nott's thinking, for they impressed not only him, but also his closest advisers. The diverse strands of activity through which the intellectual bedrock of the Bermudagram was 'thrown up' were all linked via the Defence Secretariat, a main source for the detailed financial and technical information on which they depended.

Having provided the rationale for the defence review the Defence Secretariat also costed Johnston's recommendations. In early March 1981 DS1 calculated the planning totals which would require the Services, especially the Royal Navy, to make the programme adjustments outlined in the Capabilities study. The planning totals were recalculated as percentage shares of the defence budget and formed the financial basis of the Bermudagram. However, the specific cuts to be made in each Service were also spelled out in detail: 'It was quite detailed though it dealt with broad-brush principles rather

³² Cmnd 8212-I, Defence Estimates, 1981, para 6.

than specific equipments.'³³

PRIORITIES

The priority commitments were Trident, home defence, and British Forces Germany. These priorities were also reflected in Nott's statement to the Procurement Executive's senior management conference on May 6, which the Prime Minister subsequently arranged to be published. Nott gave as examples of options in the review:

- Reorganising the Rhine Army within the framework of our treaty obligations, to improve its military effectiveness;
- Reviewing the balance between different ways of carrying out anti-submarine warfare in the Eastern Atlantic and Channel areas;
- Ways of strengthening the air defence of the United Kingdom;
- The implications of increasing the size and capability of the reserve forces of all three Services;
- Reviewing the requirement for staff and headquarters jobs at all levels in MoD and command structure.³⁴

Savings thus had to come primarily from the Royal Navy General Purpose Programme, and support costs. Given the importance of preserving the 'teeth' of the armed forces, Nott was particularly interested in reducing naval support costs.

The importance of the continental-maritime balance and political factors in defence planning suggests that the two

³³ Letter from Admiral Sir Derek Reffell, 29 January 1991.

³⁴ Text in Times (19 May 1981).

services competing with each other most directly were the Navy and the Army. However, comparison of programmes on the basis of the manpower/equipment mix is probably more significant due to the role of rising equipment costs in bringing about the 1981 review. A much greater percentage of Royal Navy and RAF budgets were devoted to capital equipment compared to the Army. Despite Army reliance on tanks, the proportion of its budget devoted to manpower remained large. The Iranian revolution of 1979 temporarily increased this proportion because the Army took delivery of the Challenger tank ordered by the Shah before his fall, thereby delaying the need for a Chieftain replacement.³⁵

The Royal Navy and RAF also conflicted over two related operational issues with important budgetary implications. They disagreed over the vulnerability of surface ships to air attack and over responsibility for air support of maritime operations. The RAF was responsible for operating all maritime patrol aircraft in ASW operations and for providing air cover for carrier groups on NATO's northern flank. In contrast, the US Navy had full operational control over US maritime patrol aircraft and its carriers had organic air cover. The Royal Navy believed for operational reasons that it too should have full responsibility for all assets whose

³⁵ These tanks had been modified for desert warfare and to the chagrin of the Army were to be deployed in central Europe. Ironically, with Britain's participation in the 1991 war against Iraq the tanks were used in their intended terrain.

role was to protect the fleet.³⁶ In 1942 lack of naval air power had enabled Japanese aircraft to sink the HMS Prince of Wales and HMS Repulse unopposed by British aircraft, highlighting the requirements of the Fleet Air Arm.³⁷ This incident lived on in the collective memory of the Royal Navy. It was felt particularly keenly by the Chief of the Naval Staff, Admiral Sir Henry Leach, whose father, Captain Leach, had commanded Prince of Wales and died in the attack.

Despite these important areas of dispute, inter-service rivalry played a surprisingly small role in the 1981 review. This appears to have been a direct result of Nott having taken the initiative in the defence review, and of relying heavily on central staff analyses of defence priorities. The services were too busy contending with the critiques and pointed questions originating with the central and scientific staffs to worry about longstanding disagreements with each other.

The service and Procurement Executive reports Nott received in April were, in general, more appropriate for his needs. The difficulty of reaching this stage brought home to Nott the need for the MoD to develop a view transcending the interests of the individual services and capable of addressing Britain's national commitment to defence as a member of NATO. Nott considered his task a 'simple one': to maintain and

³⁶ Interview with Alan Pritchard, 18 June 1991.

³⁷ Geoffrey Till, Air Power and the Royal Navy, 1914-1945 (London: Jane's 1979), pp. 106-7.

enhance Britain's front-line capabilities in the face of 'remorselessly rising costs.' In May he declared 'no amount of special pleading' from one part of the defence establishment would divert him and called for the formation of 'a defence view--not a single service view.'³⁸

The strategic logic behind changing naval priorities was that new technological developments would enable ASW to be performed more cost-effectively by expanding the role of Long Range Maritime Patrol aircraft and of nuclear submarines. According to Mason, towed array sonars, which could be carried as easily by aircraft or submarines as by surface ships, would decrease Britain's dependence on highly capable but costly frigates.³⁹ To the central staffs maintaining a large surface fleet in the missile era appeared unreasonably expensive, especially when lower cost alternatives existed. As Nott later put it, 'planned forward investment in major equipment for the air defence of warships at sea has been about double that for the air defence of the United Kingdom itself.'⁴⁰

The fundamental assumption of a short war in Europe essentially eliminated the requirement for ships to escort transatlantic reinforcements. Fewer surface ships lowered the

³⁸ John Nott, Hansard (19 May 1981), col. 161.

³⁹ Interview with Sir Ronald Mason, 4 July 1991.

⁴⁰ John Nott, Hansard (25 June 1981), col. 388; for Nott's description of the role of submarines, aircraft and surface ships in ASW see Hansard (19 May 1981), col. 163.

requirement for air defence of the fleet, a capability brought increasingly into question by operational research. Aircraft carriers were at the bottom of defence priorities.⁴¹ Thus the Bermudagram proposed placing one of the Royal Navy's three aircraft carriers in reserve, even though three had to be operational to ensure that one was always available.⁴² In addition, Nott wanted to eliminate amphibious assault ships. According to Leach, at the point where the Bermudagram first mentioned the assault ships Fearless and Intrepid Nott had penned a comment: 'what on earth are these for?'⁴³

Proposed cuts in the surface fleet included selling some of the older Leander Type 22s and the Type 42 frigates. The earliest proposals for the fleet, first mentioned by Nott at the meeting with the Chiefs of Staff in Greenwich, were to reduce it to the low twenties. The proposals outlined in the Bermudagram were not quite so severe, but still prompted alarm that the Navy was being reduced to a coastal defence fleet. Fleet numbers were to decline from the mid-to-high sixties to the low forties.⁴⁴ The basis of much of the proposed savings stemmed from the need to modernise destroyers and frigates,

⁴¹ Interview with Sir John Nott, 19 November 1991.

⁴² Interview with Admiral of the Fleet Lord Lewin, 13 August 1991.

⁴³ Interview with Admiral of the Fleet Sir Henry Leach, 1 July 1991.

⁴⁴ Interview with Admiral of the Fleet Sir Henry Leach, 1 July 1991.

whose hulls were built for a 20-25 year life. Due to the pace of technological change weapons fitted on the hull would only be valid for 10-15 years. De-commissioning ships coming up for mid-life modernisation was thus one way of removing a large amount of money from forward plans.⁴⁵

The basic refit cycle of most surface ships began three years after the vessel became operational. Then it required a minor refit taking approximately six months. After ten years plans ordinarily called for a major refit lasting two to two and one-half years, during which electronics and weapons would also be updated. These mid-life modernisations could cost as much as one-third of the initial construction. The result was a modernised ship whose weapons would be valid for the rest of the hulls' life. Minor refits would begin again at fifteen and twenty years. Virtually all of these refits were done in Royal Dockyards because industry possessed very little re-fitting capacity, which requires skills distinct from those used in ship-building. Eliminating ships on the verge of modernisation thus allowed savings in support infrastructure since it provided a rationale for reducing the dockyards. The dockyards were also naval bases and could repair, station or store ships and stocks as well as conduct refits. Devonport, Chatham, Portsmouth and Rosyth were all both bases and dockyards. Reducing the size of the surface fleet enabled savings in both dockyard and base facilities, which was why,

⁴⁵ Interview with Alistair Jaffray, 14 June 1991.

for instance, the complete closure of Chatham was proposed.⁴⁶

Closing Royal Navy dockyards was not a novel idea; twice within the previous ten years the closure of at least one dockyard had been recommended.⁴⁷ This was one means of reducing defence expenditure without cutting back on front-line capabilities, at least in the short-term. Closing dockyards had not, however, been the recommendation of the Royal Dockyards Study completed in April 1980 under the chairmanship of Navy Minister Keith Speed.⁴⁸ Speed had been given formal approval to commit the government to maintaining all four home Royal Dockyards.⁴⁹ To Speed's dismay, Nott considered the MoD's need to find savings in the defence budget a more pressing issue than standing by the commitment to maintain the dockyards.

Reducing the Navy's infrastructure and surface fleet offered large savings with less obvious effects on front-line capability than reductions in the BAOR. Nott had

⁴⁶ Interview with Alistair Jaffray, 14 June 1991; see also Peter Blaker, Hansard (10 Nov 1981), cols. 67-8.

⁴⁷ The Mallabar Committee recommended it in 1971 as did the Defence and External Affairs Subcommittee in 1975. Cmnd 4713, Report of the Committee on Government Industrial Establishments (July 1971); Second Report from the Expenditure Committee, 1975-76, Defence, (HC 155), 29 January 1976. It had been proposed as long ago as the 1950s. See DEFE 13/72 Draft Minute to Service Ministers and Ministry of Supply, 2 August 1955.

⁴⁸ See Defence Committee, 1980-81, The Royal Dockyards and the Dockyards Study (HC 362), 15 July 1981.

⁴⁹ Speed, Sea Change, p. 92.

pledged in the House of Commons 'to sustain and improve the front-line capability of our forces and our contribution to the alliance.'⁵⁰ Moreover, Nott had concluded that 'NATO would be severely damaged if we withdrew from Germany, and it was more expensive to do anyhow, than to leave our forces where they are already accommodated in Germany.' Instead, he thought Britain could perform its 'maritime commitments more cheaply by slightly changing naval priorities.'⁵¹

SERVICE RESPONSES

The services responded to the Bermudagram in two main ways. First, reports on service priorities were drafted and sent directly to Nott, rather than going via the Chiefs of Staff Committee. Second, these reports were defended by service representatives before a large group composed of both central and service staffs, including the Service Chiefs. The key members of the group, however, remained the rump Defence Programme Working Party of 1980, principally Quinlan and Air Marshal Gilbert. It was they who ultimately made recommendations about the size and shape of the armed forces. Consequently, 'the presentation was the military subjecting

⁵⁰ John Nott, Hansard (20 Jan 1981), col. 152.

⁵¹ Nott on BBC-2 programme 'MoD' (9 April 1986).

itself to the civil service.⁵²

Individual service responses differed due to the disproportionate effect of the cuts. For the RAF and the Army the review was little more disruptive than a normal financial year whereas it was fundamental for the Royal Navy. Nevertheless, as mentioned, service responses were not the product of inter-service rivalry. Lack of a unified view at the top of the military hierarchy meant that the services were primarily concerned with protecting their own programmes rather than criticising each other's. 'Due largely to the time constraints imposed [by the Bermudagram] the services circled the wagons around their individual programmes.'⁵³

Lack of unity was thus less the result of direct inter-service competition than from the schedule and character of the review. According to Bramall,

Beetham and I agreed that there was no room for cuts and that ships needed more defensive equipment. But, if the assumption was to prepare for NATO war only, we could see the logic of the government argument and if we didn't want to see the Royal Navy cut in that way the Army and the RAF would have had to offer programmes of their own to be cut. Although there was scope for some minor cuts there was not scope for the major cuts proposed.⁵⁴

In contrast to the Royal Navy, which challenged the

⁵² Interview with Lt. General Sir Derek Boorman, 8 January 1992.

⁵³ Interview with Admiral of the Fleet Lord Lewin, 13 August 1991.

⁵⁴ Interview with Field Marshal Lord Bramall, 15 October 1992.

assumptions underlying the review, the RAF and the Army had little incentive to do the same. 'There was a natural gravitation between the RAF and the Army, but when the Royal Navy began to look really vulnerable there was an instinctive feeling of support.'⁵⁵ This support, though not prompting the other services to offer savings from their own budgets, did result in the Chiefs of Staff exercising their right to an audience with the Prime Minister.

The Royal Air Force

The Air Force Board had no warning that the RAF budget would rise as a percentage share of the defence budget, but they had naturally sought to bring their needs to Nott's attention. The Air Staff had initiated the air defence improvement programmes accepted by both the Callaghan and Thatcher Governments described in chapter four. Despite this success the Air Force Board never took it for granted that RAF improvements would receive higher priority than other areas of the defence programme. In early 1981 the Board had expected the RAF programme to be cut at least at the margins. Accordingly, their initial report on RAF priorities argued against major cuts.⁵⁶

⁵⁵ Interview with Lt. General Sir Derek Boorman, 8 January 1992.

⁵⁶ Interview with Colin Humphrey, 13 June 1991.

Following Nott's January minute to the Chiefs of Staff the Air Force Board set up a subcommittee bringing together the RAF's Finance, Operations and Policy departments. After scouring the costings for savings it reported directly to the Air Force Board, which concluded that the existing number of squadrons, rate of aircraft production and current support costs were all essential. The only cuts considered were on the margins: training, fuel, maintenance, spare parts, etcetera.

The basic strategic reasoning was that commitments on the central front and increased emphasis on home defence would not permit any substantial reduction in the RAF programme. 'At the beginning of the review the Air Force Board unanimously agreed that whatever cuts were made the main structure absolutely had to remain intact.'⁵⁷ Their caution served them well. According to Johnston, one reason why the RAF did so well in the review was that 'the Air Staff very cleverly drafted a paper saying that UK air defence was inadequate and submitted it shortly before the review. It was a very clever thing to do and no Secretary of State was going to be unaffected.'⁵⁸

Nott and the central staffs accepted the RAF's view of its priorities. Consequently, when the Air Force Board

⁵⁷ Interview with Colin Humphrey, 13 June 1991.

⁵⁸ Interview with Lt. General Sir Maurice Johnston, 16 October 1991.

received the Bermudagram indicating that the RAF's share of the defence budget would rise, 'The RAF stood back in silence.'⁵⁹ However, that was not all they did. Nott also asked the RAF to justify the requested number of Tornado GR1s, the acquisition of a new version of the Harrier (GR5) and the presence of two air defence fighter squadrons in Germany. The Bermudagram proposed closing at least one base in Germany and possibly two.⁶⁰ Initially, according to Nott, he 'considered it the job of the Germans to provide air cover in Germany.'⁶¹

The RAF responses were prepared and defended by the Assistant Chief of the Air Staff (Policy), Air Vice Marshal Patrick Hine, with the assistance of the Air Staffs. Their conclusions would have been presented to the Air Force Board Standing Committee but due to time constraints this body did not meet. As a result, the steering group was the Chief of the Air Staff, Air Chief Marshal Sir Michael Beetham, Vice Chief of the Air Staff Air Marshal Sir David Craig, Deputy Under Secretary (Air), Colin Humphrey, Assistant Under Secretary (Air Staff), John Peters, and Assistant Chief of the Air Staff (Operational Requirements), first Air Vice Marshal Don Hall then Air Vice Marshal David Harcourt-Smith. When relevant, the Controller (Air), Sir Douglas Lowe, was also

⁵⁹ Interview with Colin Humphrey, 13 June 1991.

⁶⁰ Interview with Air Marshal Sir Patrick Hine, 27 November 1991.

⁶¹ Interview with Sir John Nott, 19 November 1991.

invited. The group was not a formal one but the most logical for working on these issues. It was this group, even the same individuals, who had prepared the RAF report for the Defence Programme Working Party in 1980.⁶²

With forward air defence their key priority, the RAF defended their re-equipment programme. The RAF report argued in favour of maintaining all the ground attack roles envisaged for the GR1 without any reduction in numbers. It defended the retention of two Phantom air defence squadrons at forward bases in Germany. Although the Bermudagram proposed closing Wildenrath air base in Germany it was providing essential all weather air defence for the 2nd Tactical Air Force's region of the central front. The report also highlighted Britain's commitment to maintain a balanced tactical air force in central Europe as part of the Brussels Treaty.⁶³ Most importantly, 'The RAF believed in forward air defence. One suggestion was to pull air forces back to the UK. From a political and economic point of view this was acceptable but strategically forward deployment was crucial to defence of the UK. The further you hurt the enemy from you the better.'⁶⁴

The RAF had a good military case for its programme given

⁶² Interview with Air Marshal Sir Patrick Hine, 27 November 1991.

⁶³ Interview with Air Marshal Sir Patrick Hine, 27 November 1991.

⁶⁴ Interview with Marshal of the RAF Sir Michael Beetham, 21 October 1991.

that the Central Region and home defence were paramount. The planned 11 squadrons of Tornado GR1 made a vital contribution in nuclear, conventional attack and reconnaissance roles, day and night and in bad weather. Indeed, top-up buys were ultimately needed. The balance of three squadrons in the UK and eight in Germany was important because Tornado lacked the range to operate deep into Warsaw Pact territory from the UK without air-to-air refuelling. The RAF simply did not have the number of tanker aircraft for that and to meet other essential requirements for fighter refuelling.⁶⁵ Nott was particularly impressed with the argument that withdrawing squadrons from Germany added 'an extra fifteen to twenty minutes flying time, therefore the penetration of Tornado was that much less.'⁶⁶

The RAF also argued that the number of frontline Nimrods should be increased, not cut, to provide greater airborne early warning. The number of F3 Tornado air defence squadrons also needed to be increased, from five to seven. Buccaneer squadrons needed to be maintained in a maritime role because of their ability to react quickly to enemy surface ship attack. However, 'to enable some economies the Air Staff made concessions about numbers -- which you of course always seek to make only in the oldest equipment. The RAF was in a

⁶⁵ Interview with Air Marshal Sir Patrick Hine, 27 November 1991.

⁶⁶ Interview with Sir John Nott, 19 November 1991.

major re-equipment programme and we needed to keep those programmes intact.'⁶⁷ Consequently, plans for the early replacement of the Jaguar force in Germany were scrapped. In accepting the Air Staff's arguments Nott was convinced that the RAF required a larger percentage of the defence budget: 'The RAF was in the middle of a major modernisation programme which was crucial.'⁶⁸

The Army

Like the Air Force Board, the full Army Board did not sit down to work out service priorities. The Army was, however, 'very good at the exercise.'⁶⁹ The report on Army priorities was prepared principally by the Director of Military Operations, Lt. General Sir Derek Boorman, with the assistance of Military Operations 1 (MO1), the directorate responsible for worldwide Army deployments. Boorman had previously cut out all the hierarchy between himself and the Chairman of MO1, Colonel Peter J. Shepherd, effectively transforming it into the DMO's 'think tank'. This was an important step in enabling the DMO to cope with his dual

⁶⁷ Interview with Marshal of the RAF Sir Michael Beetham, 21 October 1991.

⁶⁸ Interview with Sir John Nott, 19 November 1991; All of the RAF's arguments were accepted. See Cmnd 8288, The United Kingdom Defence Programme: The Way Forward, (June 1981), paras 12-15.

⁶⁹ Interview with Sir Frank Cooper, 24 April 1991.

responsibility (not shared by his counterparts) for current operations and forward plans.⁷⁰

Boorman initiated the Army response to the Bermudagram by asking Colonel Shepherd and the group of Majors under him to conduct a 'warts' exercise in which the Army's strengths and weaknesses were evaluated. The initial evaluation was conducted in forty-eight hours and spanned less than two sheets of paper, on specific orders from Boorman. This was the machinery used to assess the Army programme and through which it quickly became clear that the key concept on which to base Army priorities was the political clout of the central front. 'The Army conducted a "warts" exercise to judge the pluses and minuses of the land battle case in strategic terms and we quickly linked that to the RAF.'⁷¹ The Chief of the General Staff, Field Marshal Sir Edwin Bramall, and the General Staff as a whole, accepted that 'we were going to win or lose on resource allocation on the politics.'⁷²

The assessment of US intentions played an important role in the General Staff's conclusion. The Army recognised that the government would not risk bringing about any dilution of the US commitment and that meant 1 BR Corps was safe from all

⁷⁰ Interview with Lt. General Sir Derek Boorman, 8 January 1992.

⁷¹ Interview with Lt. General Sir Derek Boorman, 8 January 1992.

⁷² Interview with Lt. General Sir Derek Boorman, 8 January 1992.

but administrative cuts.⁷³ Indeed, the Army was not asked to reduce the BAOR below the treaty commitment of 55,000.⁷⁴ In response to recent NATO concerns about European defence that number had been exceeded. Returning to the 55,000 level, as the Bermudagram proposed, saved money but was necessary in any case because Army recruitment could not have sustained much more. However, the same underlying assumptions which favoured the Army in Europe made it, along with the Royal Navy, vulnerable elsewhere. 'The logic behind Nott's cuts was that all we had to be concerned with was NATO and a general war.'⁷⁵ Though convinced that the BAOR was safe from cuts, Bramall and the Vice Chief of the General Staff, Lt. General Sir John Stanier, remained worried that political pressures for greater savings might lead to arbitrary cuts in the Army's out-of-area forces.⁷⁶

Army concern for the future of its out-of-area forces stemmed at least partly from the background of those responsible for assessing Army priorities. Boorman and the Director of Army Staff Duties, Lt. General Richard B. Trant, had strong backgrounds, respectively, in counterinsurgency warfare and rapid deployment. Boorman was a Gurkha and Trant

⁷³ Interview with Lt. General Sir Derek Boorman, 8 January 1992; H. Stanhope, Times (17 Feb 1981).

⁷⁴ Air Cdre G.S. Cooper, Daily Telegraph (7 May 1981).

⁷⁵ Interview with Field Marshal Lord Bramall, 15 October 1991.

⁷⁶ Interview with Lt. General Sir Derek Boorman, 8 January 1992.

had commanded the 5th Airportable Brigade, a key element of any rapid military response force. Bramall, although a distinguished former divisional commander in the BAOR, was very open-minded and, as his tenure as Chief of Defence Staff later showed, was highly sensitive to Britain's out-of-area role. Together Bramall and his closest subordinates got out a map with 72 pins in it, one for each place the Army had been since 1945. They asked themselves who could have predicted any of these operations. Each had been an unpredicted contingency, yet the Army had lost men in operations during every year since the war but one.⁷⁷

The General Staff concluded that emphasising the political role of the Army was the best way to prevent arbitrary cuts in manpower. The Army's sensitivity to political currents within the ministry had been evident in their proposal, discussed previously, in chapter six, for a two division shock reinforcement armoured reserve. According to Nott, 'The Army caused less problems than the others.'⁷⁸ Aware of the importance of 'walking the corridors', Boorman spent hours with Air Marshal Gilbert talking through the Army's case in advance of the presentation, for which he was responsible.

⁷⁷ Interview with Lt. General Sir Derek Boorman, 8 January 1992; For analyses of the largest of these operations see Michael Carver, War Since 1945 (London: Weidenfield and Nicholson, 1980).

⁷⁸ Interview with Sir John Nott, 19 November 1991.

Boorman's presentation was unique in that it was short and did not look at the order of battle. It focused on the politico-military arguments behind preparing for land/air battle in the Central Region, responding to worldwide residual commitments, and maintaining the flexibility to respond to the unexpected, with Northern Ireland in the background. The only substantive argument for out-of-area capabilities was to point to postwar history and raise questions such as 'what were the consequences of having a military presence overseas?' Boorman highlighted low-profile operations in which British involvement had played a particularly important role made possible by long association with the area.

This was playing to the Mandarins, who preferred low-profile operations. I was saying don't throw this away. I remember standing up at one point in what was otherwise a very low-key presentation and saying that I couldn't put the pin in the map in the precise place we would be needed next.⁷⁹

These arguments proved persuasive. The White Paper concluded that 'Despite all the financial pressures on our defence effort, the Government has decided that this contribution is so important to the Alliance's military posture and its political cohesion that it must be maintained.'⁸⁰

The Army was thus protected from major reductions, but not from some marginal cuts. One key criticism of the Army programme had been that more could be done with advanced

⁷⁹ Interview with Lt. General Sir Derek Boorman, 8 January 1992.

⁸⁰ Cmnd 8288, The Way Forward, para 16.

technology equipment, allowing for a decrease in manpower. Army manpower was cut by 7,000 but the cuts were not effective immediately, thus avoiding the need for redundancies. On the other hand, the arguments for greater application of new technologies translated into support for re-equipment of the BAOR. The white paper announced an increase in the buy of Milan anti-tank missiles, and improvements to the Blowpipe air defence missile system as well as the expansion of war stocks and ammunition. Shortages in stocks and ammunition had been a central focus of US efforts to strengthen conventional deterrence and had recently been highlighted in the 'haul down' report of Britain's outgoing Vice Chief of Defence Staff (Personnel and Logistics), General Sir Patrick Howard-Dobson.⁸¹ Also significant was the adjustment in the scale and timing of some new Army equipment projects. The Army programme went forward, but not without slippage and reductions.

The Royal Navy

Due to the radical nature of the proposed cuts in the Royal Navy it attempted to do more than merely limit the damage of the review. It challenged the assumptions, the logic behind the proposed cuts, and sought to influence the

⁸¹ Interview with General Sir Patrick Howard-Dobson, 31 October 1991.

outcome of the review with more than argument. The Chief of the Naval Staff, Admiral Sir Henry Leach, was unwilling to acquiesce in the dismantling of major naval capabilities, but he could not effectively counter the initiative of the Secretary of State. Leach was outspoken and protested the cuts with vigour. Ultimately, the Navy sought to mobilise NATO, Conservative back benchers and public opinion against radical reductions in its programme. According to Lord Hill-Norton, 'Leach went further in resisting the cuts than many Chiefs of Staff would.'⁸²

Once the Chiefs of Staff had lost the initiative the avenues through which any Service Chief could influence the Secretary of State narrowed. One result was that the personalities of Nott and Leach became an important ingredient in the review process. After the Bermudagram it was clear that Navy cuts were unavoidable. Relations between Nott and the Naval Staff deteriorated correspondingly. 'Henry Leach, who obviously felt more threatened than anybody else, was pretty forthright in saying what he thought.'⁸³ One episode shortly after the review had been approved by Parliament, but before it had been implemented, illustrated not only the extent to which direct contact with the Secretary of State was the principal avenue of influence available to individual Service

⁸² Interview with Admiral of the Fleet Lord Hill-Norton, 18 July 1991

⁸³ Interview with Sir Frank Cooper, 24 April 1991.

Chiefs, but also the lengths to which Leach went in arguing the Royal Navy's case.

Even once the review process was formally over Leach continued to resist certain unfinalised aspects. At one point he actually followed Nott to Cornwall to discuss the proposed sale of the carrier Invincible to Australia. Having scheduled a late afternoon appointment with Nott, Leach arrived to learn that the Secretary of State was preparing to catch an evening train to the West Country, which necessitated rescheduling their meeting. Leach appealed to Nott to respect the original appointment, insisting that he would otherwise follow him on his journey. Sceptically, Nott departed only to find that Leach had contacted his Private Secretary to find out where Nott was staying.⁸⁴ With the Private Secretary's assistance Leach arranged a dinner appointment with Nott at Caerlahy's Castle in Cornwall. However, an overnight snow delayed Leach's train and he arrived at 8 p.m. The two men congenially discussed Invincible over after dinner drinks, but Nott remained firm in his commitment to sell the vessel.⁸⁵

While the review was still underway those principally concerned with preparing the report on Royal Navy priorities were the Assistant Chief of the Naval Staff (Policy), Admiral Derek Reffell, and the Director of Naval Plans, initially

⁸⁴ Interview with Admiral of the Fleet Sir Henry Leach, 1 July 1991.

⁸⁵ Interview with Admiral of the Fleet Sir Henry Leach, 1 July 1991.

Admiral Sandy Woodward and later Admiral John Kerr. Reffell, who delivered the Navy's presentation, worked closely with the Vice Chief of the Naval Staff, Admiral Sir William Staveley, and, of course, Admiral Leach. Beneath Woodward was a 'knock about group', or KNAG, which worked to produce alternative solutions to the budget problem. This group included representatives from Defence Secretariat 4 (DS4), the Directorate of Naval Plans (DN Plans), the Directorate of Naval Operational Requirements (DNOR), the Directorate of Naval Warfare (DNW), and the Directorate of Naval Air Warfare (DNAW).⁸⁶

Far from arguing its case from a narrow Navy perspective, the Naval Staff deployed arguments with strong resonance within the Conservative Party and, indeed, the government. Two main themes which the Conservatives had themselves promoted, confidence in deterrence and the need for out-of-area capabilities, were the centrepiece of Navy arguments. The Navy stressed that while the greatest threat to Britain lay in the Central Region this was the least likely area of conflict. Defence along the central front was underpinned by strategic and tactical nuclear weapons intended to deter war. The stability of central Europe since the Second World War testified to the effectiveness of deterrence, as both Pym and Nott argued in defending the Trident decisions.

Even this line of argument did not lead the Navy to

⁸⁶ Letter from Admiral Sir Derek Reffell, 29 January 1992.

conclude that conventional forces on the central front should be reduced, merely that Britain's capability to intervene outside the NATO area should not be emasculated. According to Admiral Reffell, 'the original reductions planned in the review would have been crippling as far as our maritime capability was concerned, both inside NATO and out of area.'⁸⁷ The Navy argument that one of its important roles was to remain prepared for the unexpected was not, at this point, as great an asset as it would become after the Falklands War since it was an intangible with little role in operational analyses linked to NATO scenarios. The Navy remained the only service unable to link requirements for the bulk of its programme to a short war scenario on the central front.

To help argue the case for transatlantic reinforcement, which had been weakened due to the short war assumption, Leach saw to it early in the review that Nott was aware of its implications for NATO. Leach contacted the Supreme Allied Commander Atlantic, Admiral Train, to inform him about the progress of the review and told him 'these decisions are going to have an impact on your ability to carry out your responsibilities as a major NATO commander and as Supreme Allied Commander Atlantic you should probably come talk about it.' Subsequently, Train had three separate sessions with Nott as a result of which he understood the trend in the

⁸⁷ Letter from Admiral Sir Derek Reffell, 29 January 1992.

review to be that 'the Royal Navy's role should be limited to the waters contiguous to the British Isles and the Royal Navy should not contemplate a role in distant waters such as the Mediterranean or the Western Atlantic.'⁸⁸

Train's discussions with Nott encompassed economic, political and strategic issues. Nott argued that the only part of the programme where he could reduce defence spending was the Royal Navy. Nott's basic argument on the BAOR was that 'it was a political necessity to maintain a presence on the continent.' Likewise, Nott told Train he was unable to reduce the Trident programme or the RAF.⁸⁹ In response, Train focused on the effect the review would have on what he saw as the essential characteristic of NATO:

My case was built around the fact that the essential characteristic of NATO was its atlanticity and by that I meant that there are two nations not in western Europe whose territory is not directly threatened but who pledge to come to the aid of the West European nations whose territory is directly threatened in the event of a conflict.⁹⁰

Train pointed to history to support his case, recalling that

in World War Two we allies lost 2,828 merchant ships carrying 14 million tons of cargo, including 2 and one half Army divisions of equipment. We lost 30,000 men, 97 escorts, but were still successful. But that was in a period when there were two allied escorts for every Nazi German submarine. At the time I was talking to Nott we had only one allied escort for every two Soviet

⁸⁸ Interview with Admiral Harry Train, 4 January 1991.

⁸⁹ Interview with Admiral Harry Train, 4 January 1991.

⁹⁰ Interview with Admiral Harry Train, 4 January 1991.

submarines.⁹¹

Train acknowledged that ASW had benefitted tremendously from technological advancement since the Second World War but as SACLANT he still concluded that the US did not have the sheer numbers necessary for the reinforcement and resupply of Europe. It was for this reason, discussed in chapter four, that Train had modified NATO's convoy plans.

The exchange between Train and Nott illustrated the effect of the assumptions about the likely nature of war. Train believed that NATO required the ability to fight a long war and that Britain's contribution was vital. Nott emphasised capabilities which were of greatest importance in a short war at the expense of cutting back on reinforcement and resupply. The mismatch between the two men's assumptions forced Train to conclude that 'John Nott listened but he did not understand...He didn't alter his rudder one tenth of one degree.'⁹² Nevertheless, Train 'kept thinking that every time I came in there I could make the case but I was never able to because he didn't want the case made.'⁹³

One aspect of the Navy response which Nott found particularly frustrating was its proposed reduction in the 'teeth' rather than the 'tail' of the naval programme. The Navy report cut the number of frigates to thirty, cancelled

⁹¹ Interview with Admiral Harry Train, 4 January 1991.

⁹² Interview with Admiral Harry Train, 4 January 1991.

⁹³ Interview with Admiral Harry Train, 4 January 1991.

the carrier Ark Royal, and abandoned the Mine Counter Measures Vessel (MCMV) programme. In addition, the Antarctic Survey ship HMS Endurance and the royal yacht, HMS Brittania, both high-profile politically important vessels, were placed on the list of proposed cuts. No one on the Admiralty Board initially thought there was much scope for a reduction in the dockyards due to the feeling that they were vital. Such cuts also seemed politically unacceptable due to the employment consequences. At the root of naval thinking was the idea that if the Royal Navy kept up its support facilities they would be able to scratch together a fleet.⁹⁴ It can take a generation to rebuild a Navy, but even longer without the necessary dockyard infrastructure. According to Reffell,

The top priority was Trident. After that, we sought to maintain the full range of capabilities, even if reduced in size, so that no expertise should be lost completely and the Navy should be able to expand again if ever greater resources became available or a strategic need was identified.⁹⁵

The rationale for cutting Endurance and Brittania was that these ships had little military value and were thus less important to the Navy than they might be, for instance, to the Foreign Office. The Navy had proposed cutting Endurance previously, only to have the Foreign Office argue that the cut was unacceptable. According to Callaghan,

every year from 1975 onwards the Defence Ministry

⁹⁴ Interview with Alan Pritchard, 18 June 1991.

⁹⁵ Letter from Admiral Sir Derek Reffell, 29 January 1992.

announced that they wished to withdraw her from service. Every year I replied in the same manner, namely that their proposal would have serious consequences for our policy of sustaining the [Falklands] islands, and I would consent only if she were replaced by a ship of similar or improved capabilities.⁹⁶

Nott was not pleased with the Navy's report on its priorities and asked that it be redrafted with greater savings coming from logistic support. He did, however, consent to the withdrawal of Endurance, despite the protests of Foreign Secretary Lord Carrington.⁹⁷ Nevertheless, the Naval Staff's sense of detachment from the review process fortified their determination to resist the proposed reductions. Few papers were requested from the Navy's policy section and little heed was given to advice that, for instance, surface ships had an important role to play in ASW. 'The Navy certainly had a pretty free hand to submit its proposals, opinions and criticisms in the early stages of the review. However, once Nott produced his outline -- expanded from the Bermudagram -- very little notice was taken of any single service Navy input.'⁹⁸ Shortly after the Bermudagram had been promulgated the Navy Minister had sought a meeting of the Defence Council, which he believed was the appropriate forum to discuss the

⁹⁶ When the Callaghan Government left office in 1979 the MoD had instructions to retain Endurance at least to 1981. Callaghan, Time and Chance, p. 375.

⁹⁷ See Cmnd 8787, Falklands Islands Review: Report of a Committee of Privy Counsellors, (The Franks Report), January 1983, paras 114-118.

⁹⁸ Letter from Admiral Sir Derek Reffell, 29 January 1992.

defence review but, according to Speed, 'Nott let the idea wither on the vine.'⁹⁹

Following Nott's rejection of the Navy's report the Naval Staff worked on the review for another four weeks, after which time the Admiralty Board met to discuss its implications. During an eight-hour meeting on May 1 in Speed's office the Admiralty Board drafted a paper trenchantly outlining their views on the effect of the proposed cuts on the Navy's operational capability. The Board did not believe that the implications of the cuts had registered, either with Nott, Parliament or the public.

Not only the Navy but defence was being cut at a critical period of international tension. Solidarity had been launched in Poland, the Soviets had invaded Afghanistan, the Gulf War was on in the Middle East, etcetera, etcetera. It was largely for this reason that the Board drafted a report on the consequences of the review.¹⁰⁰

The paper concluded that front-line capability would be seriously undermined and suggested reconsidering the proposed reductions. Arguments to preserve the surface fleet included Britain's dependence on shipping for trade, the need to protect sea reinforcement of NATO, and the importance of the fleet in out-of-area operations.¹⁰¹

The Admiralty Board's report was a final effort to

⁹⁹ Interview with the Rt. Hon. Keith Speed, 21 May 1991.

¹⁰⁰ Interview with the Rt. Hon. Keith Speed, 21 May 1991.

¹⁰¹ D.Wettern, Daily Telegraph (11 May 1981); See Eric Grove, Vanguard to Trident, p. 346, on the Admiralty Board meeting.

protect the fleet and it antagonised Nott. 'Leach told Nott, in effect, that there were no other options and that the Royal Navy would tell him what he needed to know. This annoyed Nott something silly. He turned his logical mind and all of his cutting power on the Royal Navy.'¹⁰² Nott subsequently described his experience with the Navy in the following way: 'I tried and tried to get rational analytical and coherent answers from the Royal Navy but normally failed to do so.' The attitude which Nott saw as characterising the Navy's responses to his proposals was 'the Royal Navy is the Royal Navy and you're a fool if you don't understand what it's for. It isn't enough for someone who seeks to analyze these questions, and hasn't got enough money to do everything.'¹⁰³ Nott recognised that what he saw as a slight change in naval priorities was 'a catastrophic thing for the Navy,' but he was convinced the Royal Navy could perform its roles more cheaply.¹⁰⁴

Nott turned to the central staffs to provide 'properly argued pieces about the Royal Navy's attitude to how they saw things in the Eastern Atlantic.'¹⁰⁵ Having been impressed with General Johnston's analysis of overall defence

¹⁰² Interview with Field Marshal Lord Bramall, 15 October 1991.

¹⁰³ Nott on MoD: Keepers of the Threat, BBC2, (9 April 1986).

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

priorities, Nott asked him to provide a purple analysis of ASW:

I found the central staffs absolutely excellent...Their advice on all these controversial areas was always excellent. For instance a core paper...was the paper that I asked General Johnston and the military staffs to do for me on anti-submarine warfare. It took a long time...and it was an in-depth study into anti-submarine warfare. That paper, which was done by the military staffs, formed a key element in the decisions we came to on priorities for the Navy.¹⁰⁶

The purpose of the paper was 'to try to resolve the differences of opinion on the part which could be played by air power as opposed to ships, helicopters and submarines.'¹⁰⁷ As part of his research Johnston flew to Norfolk to discuss ASW with Admiral Train. Train thought it was just like the British to send a cavalry General to discuss maritime warfare and scheduled a very brief meeting. Before the pleasantries were over, however, Johnston had asked Train three highly technical questions and it was not until an hour and three quarters had passed that Train had finished answering.¹⁰⁸

The report also drew on operational analyses conducted at DOAE. One particularly important study, DOAE 272, concluded on the basis of research into sound propagation and magnetic anomaly detection, that ASW could be undertaken more cost

¹⁰⁶ Interview with Sir John Nott, 19 November 1991.

¹⁰⁷ Letter from Admiral Sir Derek Reffell, 29 January 1992.

¹⁰⁸ Interview with Lt. General Sir Maurice Johnston, 16 October 1991.

effectively by Long Range Maritime Patrol aircraft. All ASW techniques were assessed, including the role of sonobuoys and towed array sonars, as well as aircraft, submarines and frigates. According to Mason, DOAE showed that the capability of submarines compared to surface ships was essentially the same: they were most useful for point defence. However, submarines did not have the same vulnerability or air defence requirements.¹⁰⁹ Based on cost effectiveness, therefore, the submarine was a better system. Frigates compared even less favourably to LRMP. 'The frigate was the least efficient system for ASW because it lacked speed to cover large areas quickly and because it was very expensive in money and manpower. Long-range maritime patrol aircraft cost less initially, to run, in personnel, had quicker reaction and greater range.'¹¹⁰ Johnston's basic conclusion was that ASW was performed with sensors and weapons that need not be on surface ships; the role of submarines and aircraft could thus be expanded.¹¹¹

Not surprisingly, there was considerable tension between DOAE and the Naval Staff, who placed greater importance on operational experience than operational analyses. Navy analysts doubted that the outcome of complex situations could

¹⁰⁹ Interview with Sir Ronald Mason, 4 July 1991.

¹¹⁰ Interview with Brian Robson, 6 November 1991.

¹¹¹ Interview with Lt. General Sir Maurice Johnston, 16 October 1991.

be predicted as certainly as DOAE was purported to have done. There was a feeling that Nott was adopting a simplistic approach in looking for clinical answers to a complex problem, which the CSA was equally willing to 'solve'. According to Reffell,

We were concerned by criticism from any source of naval roles, and that included several reports by the operational analysts under the then CSA. Our concern was principally that their mathematical analyses were unrealistic, that their models were unable to represent many of the important factors which would affect prospective campaigns. They admitted that it was too difficult mathematically to take account of such factors as electronic warfare, communications, command facilities, the fog of war and the varying flexibility of specific items of military hardware.¹¹²

Attempts to make the defence review as precise as possible had, according to Rear Admiral J.R.Hill, resulted in a listing and amalgamation of Eastern Atlantic tasks 'to form a kind of scenario, or determinant case, on which force structures are founded.'¹¹³ According to Train, who followed the review very closely, and who was himself a systems analyst, 'the systems analysts were leading John Nott around by the nose and saying "if we do this this will be the result" and were using the process or discipline of systems analysis to defend decisions that had already been made.'¹¹⁴

¹¹² Letter from Admiral Sir Derek Reffell, 29 January 1992.

¹¹³ Rear Admiral J.R. Hill, British Sea Power in the 1980s (London: Ian Allen, 1985), p. 18; see also D.Wettern, Daily Telegraph (23 Dec 1982).

¹¹⁴ Interview with Admiral Harry Train, 4 January 1991.

In challenging the direction of the review the Navy raised doubts about the analytical process on which Nott's decisions rested. To illustrate the weaknesses of operational analyses the Naval Staff posed DOAE an analytical problem. They asked DOAE if they could predict the outcome of a tactical situation with the following information:

- 11 units on each side;
- detailed performance records of all units for the previous ten years;
- the weather;
- the equipment.

When DOAE affirmed that they could indeed determine the outcome the Naval Staff asked them to predict the results of the next cricket test match.* Despite proving their point about the world's complexity the Naval Staff remained unable substantially to challenge the DOAE's specific conclusions about ASW until Navy trials in 1982 revealed that aircraft had to be triggered -- told where submarines were before they could attack them. If SOSUS failed to detect a submarine the aircraft might not be able to be triggered unless there were adequate numbers of surface ships conducting ASW. The Navy did not doubt the value of aircraft in ASW operations; they merely believed the CSA ought to accept that surface ships continued to have a role as well.**

For his part Nott dismissed the Navy's rejection of DOAE analyses as bias: 'I discovered that the Royal Navy, for instance, unlike the other two services, was refusing even to listen to the views of the Defence Operational Analysis Unit

** Interview E.*

*** Interview with Admiral Sir William Staveley, 8 May 1991, London, England.*

at West Byfleet. Its scientific analysis and approach simply did not accord with naval prejudices.'¹¹⁵ The clash between the Navy and the DOAE over defence analysis was, according to Speed, illustrated in a Navy briefing for Nott on ASW given one-third of the way through the review by Vice Chief of the Naval Staff Vice Admiral William Staveley. 'Nott appeared mesmerised during the briefing but the influence of the CSA was too great.'¹¹⁶ When Nott arrived at the MoD, according to Lewin, he 'knew nothing about defence and had a couple of think-ins with the Chiefs of Staff, but he soon fell under the spell of the Chief Scientific Adviser.'¹¹⁷

Undoubtedly the operational analyses emanating from the DOAE played a vital role in the defence review, and Sir Ronald Mason was convinced that surface ships were critically vulnerable to air attack. However, it is not clear that Mason wielded excessive influence on Nott. In response to a newspaper report alleging that Mason was exerting 'considerable pressure' on his Secretary of State Nott told the House:

Today I read...that my chief scientific adviser enjoys a position that is almost unrivalled in the Ministry and has access to me in a way that is not enjoyed by the Chiefs of Staff. I simply do not understand where that comes from. I estimate that I have seen the Chiefs of Staff three or four times

¹¹⁵ John Nott, Times (5 Oct 1987).

¹¹⁶ Interview with the Rt. Hon. Keith Speed, 21 May 1991.

¹¹⁷ Interview with Admiral of the Fleet Lord Lewin, 13 August 1991.

as often as I have seen the chief scientific adviser. Indeed, I have hardly seen him at all. I regret that, because he is an exceptional fellow, but I have just not had the time to see him.¹¹⁸

DOAE obviously played an important role in evaluating alternative force structures and the appeal of their analyses, based on sophisticated -- though not infallible -- models, is understandable. Most importantly, however, DOAE offered an alternative source of advice from the services, despite their role as the 'customer' for operational research. Thus, when the Chiefs of Staff lacked a unified view of priorities, and when the credibility of a service's analysis was challenged, the role of DOAE became critical. The alternative source of advice was an essential, though uncalculated element of Nott's decision to use the central staffs to conduct a defence review. Of far greater importance than Mason's role as an individual was the widespread acceptance of many of the DOAE's conclusions by the central staff, both military and civilian. They proved the decisive influence on Nott's thinking.

Nott remained an independent thinker, but as Defence Secretary he had to reach judgements about the quality of advice he was receiving. In this respect, the Navy's outright rejection of DOAE analyses -- however understandable -- worked to their disadvantage. According to Nott,

All the papers that had come out of the military staffs were fortified by the West Byfleet research about the value of different assets in ASW and when I asked the Navy what they thought about it they

¹¹⁸ John Nott, Hansard (19 May 1981), col. 166.

said "we think it is a useless waste of time...we have our own opinions and we don't want to hear what all these stupid civilians and scientists have to say."¹¹⁹

At the heart of the conflict was the Navy's difficulty in quantifying its contribution in a cost-benefit format.¹²⁰ Denis Healey, with whom Nott met informally to discuss the review on at least two occasions, had encountered similar problems with naval analyses.¹²¹ The Navy was unable to prove through operational analysis what it honestly believed on the basis of professional experience. According to Mason,

The Royal Navy always argued for the status quo. They were not prepared to say maybe we haven't got it right. Nott saw the intellectual inflexibility and rumbled them. At DOAE they presented scenarios on the basis that the assumptions could be wrong. Nott had a full day at DOAE arguing about the issues. The services were simply not flexible politically or technically.¹²²

On the other hand, developing a force structure on the basis of analyses as valid only as the assumptions on which they were based risked military inflexibility. 'Operational analysis is alright if it supports what you want to do, but it rarely demonstrates what you truly need, which for a nation

¹¹⁹ Interview with Sir John Nott, 19 November 1991,

¹²⁰ See Peter Nailor, 'The Utility of Maritime Power: Today and Tomorrow,' RUSI Journal Vol. 131, No. 3 (September 1986) p. 19

¹²¹ Denis Healey, The Time of My Life, (London: Michael Joseph, 1989), p. 276; Nott believed Healey was the only other Defence Secretary to try to conduct a 'strategic' defence review.

¹²² Interview with Sir Ronald Mason, 4 July 1991.

without aggressive intentions is the balance and flexibility to respond to surprises.'¹²³

Nott was not incapable of sympathy for the Navy's inclination to base their analyses on experience, but this was insufficient to preserve the existing role of the Royal Navy. Following a highly successful demonstration of the assault ship Fearless's capabilities, Nott sent Leach a note asking '"who was so stupid as to suggest cutting these ships?'" In a response characterising the two men's relationship Leach sent his shortest minute ever: 'you.'¹²⁴

POLITICAL DEBATE

With the approach of the annual defence debate political discussion focused increasingly on defence. The debate began in earnest after Conservative MP Julian Critchley, former vice-Chairman of the Conservative back bench Defence Committee, questioned the extent of the planned Navy cuts in The Daily Telegraph. Current proposals would, Critchley said, 'cut the British Army of the Rhine between one-third and one-half, and reduce even more drastically the Royal Navy.'¹²⁵ Critchley's column noticeably heightened Tory concern over the

¹²³ Interview with Admiral of the Fleet Lord Lewin, 13 August 1991.

¹²⁴ Interview with Admiral of the Fleet Sir Henry Leach, 1 July 1991.

¹²⁵ J.Critchley, Daily Telegraph (7 May 1981).

review, and media attention on defence.¹²⁶

While defence was still in the headlines Navy Minister Keith Speed told his Ashford constituency that the cuts proposed by the MoD threatened 'irreversibly [to] run down the Royal Navy.'¹²⁷ The statement had not been cleared by Nott, who first learned about it in the Sunday Times.¹²⁸ Speed realized the risk he ran in criticising the review underway but he judged that he was supporting Conservative policy. The Government had been elected on a platform which included strengthening Britain's defences. If this policy was to be adhered to Speed had no reason to worry. If the policy was to be abandoned Speed preferred to take a stand against the change.¹²⁹

Nott discussed Speed's speech with Prime Minister Thatcher and Deputy Prime Minister William Whitelaw. Thatcher and Whitelaw insisted that Speed resign and Nott accepted that it was necessary since it was unacceptable to have junior ministers speaking out during a sensitive stage of policy development.¹³⁰ Nott telephoned Speed the morning of May 18

¹²⁶ See especially Conservative MP Patrick Wall's letter to the Daily Telegraph (13 May 1981).

¹²⁷ Guardian (16 May 1981); D.Wettern, Daily Telegraph (16 May 1981).

¹²⁸ Interview with Sir John Nott, 19 November 1991.

¹²⁹ Interview with the Rt. Hon. Keith Speed, 21 May 1991; see also A.Raphael Observer (17 May 1981); Times (18 May 1981).

¹³⁰ Interview with Sir John Nott, 19 November 1991.

to request his resignation, but Speed declined to offer it. Later in the day he was telephoned again, this time by Sir Clive Whitmore, Secretary to the Cabinet, but again he refused to resign. That evening the Prime Minister telephoned Speed, who once more refused to resign. In a late meeting at 10 Downing Street that night Speed discussed the review with the Prime Minister for forty-five minutes. The meeting was polite and Speed made plain his objections to the review. To underscore them he stated that to remove him as Navy Minister the Prime Minister would have to dismiss him, which she did.¹³¹

Virtually all subsequent references to this episode mention Keith Speed's resignation.¹³² However, unlike Christopher Mayhew, the Navy Minister who resigned in 1966 over Healey's decision to eliminate the Navy's carriers, Speed did not resign. The nature of his protest was to stand on his principles and force the Prime Minister to sack him. The distinction is not insignificant because it reflects Speed's awareness, shared by the Navy, that ministerial and service resignations were an ineffective means of influencing policy.

¹³¹ Interview with the Rt. Hon. Keith Speed, 21 May 1991; See also Speed, Sea Change, 107-8; J.Wightman, Daily Telegraph (19 May 1981); I.Aitken, Guardian (19 May 1981); R.Evans, Financial Times (19 May 1981).

¹³² See, for example, Chichester and Wilkinson, The Uncertain Ally, p. 36; Christopher Coker, A Nation in Retreat: Britain's Defence Commitment (London: Brassey's, 1986), p. 65; Peter Byrd, (ed), British Defence Policy: Thatcher and Beyond (Hemel Hempstead: Philip Alan, 1991), p. 25;

In a clear example of the extent to which MoD centralization had been consolidated under the Secretary of State, an Undersecretary of State had publicly to criticise the direction of policy to have any hope of influencing it.

Speed carefully chose the timing of his speech to maximise its impact on the outcome of the review. The timing was influenced by several factors. First, the following week Cabinet's Overseas and Defence Committee was scheduled to meet to discuss the review and reach at least preliminary decisions. Second, the annual two-day defence debate was scheduled to open that week and Speed was expected to speak for the government, winding up the first day's debate. Speed could not have spoken in defence of government policy given his views. Not only would this have violated his conscience but would also have made him look ridiculous to the House, where his pro-Navy views were well known. Finally, if Speed delayed his final effort to influence the review the momentum of events might have precluded another opportunity to draw public attention to the forthcoming defence decisions. Prince Charles was due to marry Lady Diana Spencer on July 29th and government delay in revealing the details of the review so that they would come out shortly before the Royal Wedding, and just prior to Parliament's summer recess, would have rendered futile any attempt to mobilise public opinion.¹³³ One major accomplishment of Speed's departure was to incite other

¹³³ Interview with the Rt. Hon. Keith Speed, 21 May 1991.

Conservative critics, more than twenty of whom signed an early day motion stating

the House commends the Government's intention to implement the Armed Forces Pay Review Body recommendations but would view with the gravest concern any diminution in our nations defence capability bearing in mind the increasing threat from Warsaw Pact countries, and the terms of the Conservative Party's election manifesto.¹³⁴

Conservative critics were also incited by a key newspaper report purporting to reveal in detail the government's planned reductions in the armed forces.¹³⁵ In response to Speed's protest, the new Chairman of the Conservative back bench Defence Committee, Alan Clark, had declared, 'in my official capacity I very much welcome Keith Speed's speech.'¹³⁶ Two days later, after learning of the report claiming that Nott's plan included reducing the Navy to 'little more than a coastal defence fleet' and disbanding the Royal Marines,¹³⁷ Clark told BBC radio it would be 'absolute madness and criminal' if rumoured cuts to the Royal Marines went forward.¹³⁸

The intensity of feeling over these issues prompted the media to devote increased attention to the defence review.

¹³⁴ Quoted in J.Wightman, Daily Telegraph (19 May 1981); R.Evans, Financial Times (20 May 1981).

¹³⁵ See D.Wettern, Daily Telegraph (19 May 1981); Wettern was in close contact with many naval officers and was known for voicing the concerns of the Royal Navy.

¹³⁶ Clark quoted in P.Simmonds and I.Waller, Sunday Telegraph (17 May 1981).

¹³⁷ D.Wettern, Daily Telegraph (19 May 1981).

¹³⁸ Clark quoted in G.Clark and R.Evans, Times (19 May 1981).

The Daily Telegraph rejected the need for any defence review, believing instead that defence spending ought to be increased. Other editors expressed opinions in favour of the Navy, even if that meant opting against the BAOR. In the first of many editorials on defence The Times stated 'In a choice between cutting the Navy, and cutting back on the strength of British Forces in Germany, it is the Rhine Army which should be cut.'¹³⁹ The Financial Times agreed that, 'on balance, any major cut in the Royal Navy's role would be disturbing,' but acknowledged the political significance of the BAOR and concluded that it was 'of the highest importance that no decisions be taken without a thorough review in the alliance of the constraints facing the defence efforts of all its members.'¹⁴⁰ Alone among the quality dailies, The Guardian welcomed the review but criticised it as unnecessary because it had been caused by the Trident missile.¹⁴¹

Parliamentary and media pressure had an important impact on the review, as Nott tacitly demonstrated by denouncing The Daily Telegraph in the House.¹⁴² Of fundamental importance

¹³⁹ 'The Navy Comes First,' Times (19 May 1981); The same conclusion was drawn by the International Herald Tribune (20 May 1981).

¹⁴⁰ 'NATO Must Be Consulted,' Financial Times (19 May 1981).

¹⁴¹ 'Right cuts by the wrong lights,' Guardian (26 June 1981).

¹⁴² 'I cannot be drawn into commenting about the quite unbelievable things that appear in The Daily Telegraph every day...I am concerned because The Daily Telegraph has a wide Tory circulation, and I am genuinely concerned that anyone should believe what is printed.' John Nott, Hansard (19 May

to the government's response was the Prime Minister's support of Nott, which she clearly demonstrated in dismissing Speed. It was evident from the beginning of the political row that Nott was to be the sole government spokesman on defence and that this was to be a matter of confidence on which the government's future would depend. In defending her dismissal of Speed, Thatcher cited the doctrine of collective responsibility and declared that 'Ministers should fight departmental battles within the Department and not outside it.'¹⁴³ In a demonstration of her own confidence in Nott to make 'difficult defence choices' she limited her contact with back benchers, cancelling a meeting with the influential 1922 Committee at which she would have faced pressure to defend defence plans still under preparation.¹⁴⁴ Instead, she arranged for the publication of the text of Nott's May 6 statement to the Procurement Executive explaining the rationale for the review and the options being studied.¹⁴⁵ Finally, to minimize the period of tension within the party, Nott accelerated the review process. Nott later acknowledged the political pressure he faced while completing the defence review. He had found himself, he said,

in a public punch-up with the Conservative Party,

1981), col. 166.

¹⁴³ Margaret Thatcher, Hansard (19 May 1981), col. 151.

¹⁴⁴ G.Clark and R.Evans, Times (19 May 1981).

¹⁴⁵ Times (19 May 1981).

and with the service "lobbies"...That made the whole thing very much more difficult....In a way, I needed another month or so to complete the process. But I realized that unless I got it out of the way, I was going to lose.¹⁴⁶

During the defence debate, instead of speaking for the government Keith Speed challenged it from the back benches. He declared that he 'was not elected by my constituents, nor was I appointed by my right hon. Friend the Prime Minister, to preside over any major cutback in the surface fleet of the Royal Navy...I reject that option now and will fight it through to the bitter end.'¹⁴⁷ Yet the defence debate as a whole focused less on the defence review than on Trident and the Defence Estimates, which Sir Patrick Wall described as 'an interim document.'¹⁴⁸ Indeed, there was little more than speculation on which a discussion of the review could take place. In an effort to fill the information gap, on June 4 Speed tabled twenty-three parliamentary questions relating to the defence review, only seven of which were answered.¹⁴⁹

Following Speed's departure the government abolished individual ministerial posts in order to foster the formation of a defence view. Plans of this nature had been considered by previous governments, but had proven difficult to implement. The government had not been actively considering

¹⁴⁶ Nott quoted in Charlton, The Little Platoon, p.146.

¹⁴⁷ Keith Speed, Hansard (19 May 1981), col. 180.

¹⁴⁸ Patrick Wall, Hansard (19 May 1981), col. 202.

¹⁴⁹ See Hansard (4 June 1981), cols. 416-418.

implementing these plans prior to Speed's public outburst. The reorganisation had both long and short-term effects on the MoD. In the long-term it was hoped that the new structure would help promote a defence view of priorities. Ministers were to represent the military as a whole rather than the individual services, thereby reducing the likelihood that ministers would develop loyalties to an individual service to the detriment of the others. The new system would still include four junior ministers under the Secretary of State, but two would be Ministers of State, one for Defence and Procurement, the other for the Armed Forces. The other two junior ministers would be Under Secretaries of State assisting the Ministers of State.

In the short term the changes were likely to weaken service, especially naval, resistance to government policies. The initial appointments to these posts ensured there were no advocates for Royal Navy interests at the ministerial level. Lord Trenchard remained Minister of State, though now it was to be for procurement and administration. The new Minister for the Armed Forces was to be Peter Blaker, a former Army Minister and previously at the Foreign and Commonwealth Office.¹⁵⁰ The Foreign Secretary is reported to have urged Blaker's appointment out of concern that Britain maintain its overseas commitments, especially the

¹⁵⁰ 'No More Advocates,' Economist (6 June 1981), p. 58.

BAOR.¹⁵¹ The respective Under Secretarial posts were filled by Geoffrey Pattie, previously Minister of the RAF, and Philip Goodhart, previously Minister of the Army. For the first time there was no one at the ministerial level with a prior affiliation with the Navy. Most importantly, until the new ministerial structure was in place existing service ministers remained -- leaving the Royal Navy without a ministerial voice. As a result, the most likely source of dissent against the defence review remained the Service Chiefs.

The Chiefs of Staff used every opportunity to make their reservations about the defence review known to the Prime Minister. For the second time in six months they chose to exercise their traditional right to speak to the Prime Minister; the first time since the Second World War that this right was exercised twice within a year.¹⁵² To maximise the effect of their views the Chiefs deferred their second audience with the Prime Minister until shortly before the final decisions about the review were due to be made.¹⁵³ There was speculation that the Prime Minister was furious with the Chiefs whom she believed responsible for a series

¹⁵¹ T.D. Bridge, 'UK Defence: The Next Ten Years,' Army Quarterly (July 1981), p. 58.

¹⁵² H.Stanhope, Times (18 May 1981); See also Lord Hill-Norton, Hansard (Lords), (20 July 1981), col. 21.

¹⁵³ P.Hennessy, Times (22 May 1981).

of leaks about the review designed to pressure the government,¹⁵⁴ but when the meeting took place on June 3, it was described as 'friendly.' It lasted about one and one-quarter hours and was attended also by the Foreign and Defence Secretaries. All aspects of the review were discussed and the Chiefs pointed out the implications that the cuts would have on the services.¹⁵⁵ The Prime Minister listened attentively but remained non-committal.

Admiral Leach had an additional meeting with the Prime Minister, attended also by Nott, shortly before the final proposals were presented to the Cabinet's Defence and Overseas Policy Committee. According to Leach, he had to convince Nott to attend by stressing that he planned to say some very critical things and that he did not want to say them behind his back. Leach told the Prime Minister that the review 'was fundamentally wrong, unbalanced and unreasonable.' The Prime Minister was not pleased but asked Leach what he would do, whereupon he said that he would hand £1-2 billion to the Army. Thatcher responded, '"don't you mean the Royal Navy?"' Leach explained that the money would permit the Army to build housing and infrastructure to enable the panoply of forces and family and support attached to the BAOR to be withdrawn to the UK. Without any withdrawal of frontline forces, Leach calculated, this would result in savings of £600 million a year. Regiments could rotate and do tours of duty away from

¹⁵⁴ Sunday Times (24 May 1981).

¹⁵⁵ E. Goodman, Financial Times (4 June 1981).

their families just like RAF and Royal Navy personnel. The Prime Minister said nothing. Nott commented that this option had been studied and found too expensive. Leach observed that the study must have been superficial because it had certainly not gone through the Chiefs of Staff Committee -- as indeed it had not -- but the Prime Minister showed no intention of questioning Nott's decision.¹⁵⁶

Nott was accompanied to the OD meeting by Lewin, who argued that it was wrong for the British Government to take such decisions without NATO consultations. Lord Carrington agreed but said there was no time due to the need to submit the proposals to get them into the budget.¹⁵⁷ However, Nott was determined not to consult the allies, but rather inform them once the decision had been taken. 'I always intended and had to go inform the Americans and NATO before we made the announcement but I was determined that that would be done thirty-six hours before the announcement and that they weren't going to be consulted because if they had been consulted it would never have happened.'¹⁵⁸

The Defence Committee decided the proposals should go on to the full Cabinet and a meeting was scheduled for June

¹⁵⁶ Interview with Admiral of the Fleet Sir Henry Leach, 1 July 1991.

¹⁵⁷ Interview with Admiral of the Fleet Lord Lewin, 13 August 1991.

¹⁵⁸ Interview with Sir John Nott, 19 November 1991.

18.¹⁵⁹ In accordance with general practice no service representatives were invited to attend the Cabinet meeting. Reservations about the review were expressed nevertheless. Though no members of Cabinet challenged the decision to restructure Britain's defences the Foreign Secretary, Lord Carrington, the Employment Secretary, James Prior, and the Leader of the House of Commons, Francis Pym, expressed concern that the Navy was being cut too severely.¹⁶⁰ According to one report, Nott faced two problems during the meeting. The first was criticism for the short time span (twelve weeks) in which Nott had developed his proposals. Although the criticism may have implied the proposals were hastily prepared and perhaps inadequately researched Nott was untroubled by this criticism, knowing that he had the support of the Prime Minister to move swiftly.

A second concern, echoing Lewin's position, was that reductions in the surface fleet would be met with a negative response in the United States and the rest of NATO.¹⁶¹ In May, Pentagon officials had expressed concern over the planned reductions in the Royal Navy and said 'it would be tough, if not impossible, for the United States to take up the slack.'¹⁶² The only solution at this point, however, was for

¹⁵⁹ J.Langdon, Guardian (9 June 1981).

¹⁶⁰ R.Evans, Financial Times (19 June 1981).

¹⁶¹ I.Aitken, Guardian (19 June 1981).

¹⁶² F.Taylor, Daily Telegraph (21 May 1981).

Nott to discuss the review with the allies, as he had always intended to do.

ALLIED RESPONSES

The process of consulting with allied governments and NATO was brief and free of conflict. Nott travelled first to the United States where he met with Secretary of Defense Caspar Weinberger. In accordance with Nott's plan the meeting was arranged on 'very short notice.' Richard Perle recalls Nott saying he had been 'sitting on a tractor that morning' at his farm in Cornwall.¹⁶³ Nott took the Concorde to Washington to have a meeting over dinner. The meeting thus took place in Weinberger's private dining room where both US and British officials were present. The British delegation included, in addition to Nott, Sir Frank Cooper, Sir Ronald Mason, Sir Nicholas Henderson, Ambassador to the US, and John Weston, also with the British embassy. The US was represented by, in addition to Weinberger, Fred Ikle, Undersecretary of Defense for Policy, Richard Perle, Assistant Secretary of Defense for National Security Affairs, Lt. General Richard Bowman, Director of European and NATO Affairs, and James Timberlake, UK Country Director at the Pentagon. Due to the composition of the group 'the review was discussed at a

¹⁶³ Interview with Richard Perle, 30 March 1991.

variety of levels.'¹⁶⁴

The meeting was politically sensitive for Nott. He did not want the details of the review to become known before his discussions with Luns or Apel, or, indeed, until he had formally announced it in Parliament. The sensitivity derived mainly from the pressure being placed on Nott by Conservative back benchers.¹⁶⁵ One common theme in the defence debate had been the need for adequate consultation with NATO allies. The nature of allied responses was thus vital to the political unity of the party and the standing of the government. 'Nott was seeking approval from the US because he was taking up the review with other NATO members. He didn't want to come in with controversial proposals. It was clear he wanted our help.'¹⁶⁶ According to Sir Nicholas Henderson, 'it was a very important meeting from Nott's perspective and from Cap Weinberger's as well.'¹⁶⁷ To ensure information about the review did not leak, inadvertently or otherwise, following the meeting Undersecretary of Defense for Policy Fred Ikle put his staff under strict orders not to talk about it.

Both Weinberger and Nott were well prepared for their encounter. Weinberger had been comprehensively briefed on the

¹⁶⁴ Interview with Richard Perle, 30 March 1991.

¹⁶⁵ Interview with Caspar Weinberger, 9 January 1991.

¹⁶⁶ Interview with Richard Perle, 30 March 1991.

¹⁶⁷ Telephone conversation with Sir Nicholas Henderson, 23 May 1991.

review prior to the meeting. The briefing was based on an elaborate analysis of the review prepared in the Pentagon which included detailed scrutiny of the British Order of Battle. Moreover, Weinberger had consulted with US Navy officials and was aware of their concerns about the review.¹⁶⁸ Nott was also impressively on top of his brief. The tone of the meeting reflected the closeness of the Anglo-American working relationship. As was usual prior to meetings between US and British principals, the two staffs told each other what their side would be saying. In this way more ground could be covered and there was less likelihood either side would be surprised by what the other said. In addition, Weinberger was particularly sympathetic to British concerns.

Nott's presentation hinged on the argument that defence cuts were unavoidable for budgetary reasons. According to Weinberger, 'Nott defended the cuts' and made it clear that this was 'a temporary, unfortunate, but necessary reduction.'¹⁶⁹ Much of the meeting was spent addressing US concerns, which included the effect of the cuts on convoy plans, other NATO missions, overall British defence expenditure and the possible psychological effect on other NATO allies.

The main strategic US concern was that the deactivation of so many ships would reduce NATO readiness. The Royal

¹⁶⁸ Interview with Caspar Weinberger, 9 January 1991.

¹⁶⁹ Interview with Caspar Weinberger, 9 January 1991.

Navy's contribution was deemed by Weinberger to be 'very important--it was a major contribution of ships that were all there on the scene and the number of ships was close to what we felt was needed to perform essential functions.' As a result Weinberger believed the British 'were mothballing too many of their Royal Navy ships.'¹⁷⁰ Nott argued that the ships were being placed in 'ready reserve' and would therefore be available on short notice, but Weinberger believed 'that we might not have as much time as we needed [to reactivate them].'¹⁷¹ According to Weinberger, 'Nott did not have any major disagreement with this, but he had budgetary pressures at home which made the cuts necessary.'¹⁷² Nott also argued that some of the cuts might be rescinded since 'the decisions were being made prior to the elaboration of budgetary plans.'¹⁷³

A second US concern was the overall level of British defence spending. Accordingly, 'there was a lot of discussion on the appearance versus the reality of Britain's three per

¹⁷⁰ Caspar Weinberger, Fighting the Peace: Seven Critical Years at the Pentagon (London: Michael Joseph, 1990), pp. 147-48.

¹⁷¹ Interview with Caspar Weinberger, 9 January 1991; 'Nott always took the position that they could bring them back on line quickly but based on our own experiences, I was not so sure.' Weinberger, Fighting Peace, pp. 147-48.

¹⁷² Interview with Caspar Weinberger, 9 January 1991.

¹⁷³ Interview with Sir Frank Cooper, 24 April 1991.

cent annual defence budget increases.'¹⁷⁴ Weinberger pointed out that 'inflation was eating up the three per cent increase so that there was no net increase.'¹⁷⁵ There was no way the British pledge to extend the period of three per cent increases to 1985-86 could mitigate the effect of the planned reductions. Consequently, the psychological effect of the cuts on other NATO countries was also worrisome.

The US did not want to see any cuts made in NATO forces. Although Weinberger understood the British need to impose cuts during a period of significant budgetary pressures there remained the risk that other NATO countries would follow suit. He worried 'that any diminution in the forces committed would get the ball rolling and could provide a false justification for reductions by other NATO allies.'¹⁷⁶ Perle was more troubled by 'the general problem of declining defence budgets in Europe while we were trying to build up our own, not least because we did not want the US buildup stymied by resentment that we were building up while others were building down.'¹⁷⁷ An attempt to address this concern was made in the statement issued following the meeting.

Work on the statement began while the meeting was still underway, interrupting the dinner of some officials. The work

¹⁷⁴ Interview with Caspar Weinberger, 9 January 1991.

¹⁷⁵ Interview with Caspar Weinberger, 9 January 1991.

¹⁷⁶ Interview with Caspar Weinberger, 9 January 1991.

¹⁷⁷ Interview with Richard Perle, 30 March 1991.

continued following the meeting, with some US and British officials remaining behind to complete it.¹⁷⁸ American willingness to help the British by not objecting to the review was due in large part to the greater efforts of Britain in defence spending compared to other NATO allies. The US attitude was reflected in the final statement, which welcomed 'the decision to increase still further the total UK defence effort.'¹⁷⁹ No mention was made of US concern over the cuts. Moreover, the statement was withheld a day to synchronize its release with Nott's arrival in Brussels for talks with NATO Secretary General Joseph Luns.

While in the US Nott also travelled to Norfolk, Virginia, to discuss the review with Admiral Train once more before announcing it. There Nott was treated to a sharp briefing on the consequences. Train believed the review was 'intellectually dishonest' because 'John Nott chose to believe analyses that purported to show that the damage that would result from inactivating 25 per cent of the surface combatants in the Royal Navy would not be serious.'¹⁸⁰ The distortion identified by Train was in the way the effect on the Royal Navy was presented:

The way that was presented to Nott was that the base number [of ships], the base line by which the decisions were made, included only ships in active

¹⁷⁸ Interview with Richard Perle, 30 March 1991.

¹⁷⁹ Quoted in Financial Times (23 June 1981).

¹⁸⁰ Interview with Admiral Harry Train, 4 January 1991.

commission. The subsequent base line included ships that were in the reserve...The honest way to do it is to take the baseline force consisting of the reserve ships and the active ships, or, active ships and active ships. Since all I was concerned about was active ships, there was a twenty-five per cent reduction. I could not penetrate John Nott's consciousness on this point.¹⁸¹

Nott was well aware of the implications however, and understood that keeping up the number of ships on paper made his task of explaining the cuts to NATO slightly easier. 'We had a great problem because we wanted to keep the numbers up for NATO purposes, and indeed for political purposes, but we simply couldn't afford to have them in the fleet...So the more ships we put in the standby squadron the easier it was to deal with the naval programme.'¹⁸²

Following his meeting in the US Nott travelled first to Brussels to speak to Joseph Luns and the NATO Supreme Allied Commander Europe General Bernard Rogers, and then to Bonn to speak to the West German Defence Minister, Hans Apel. In these meetings Nott emphasised that Britain's defence spending was rising in real terms, but that escalating technology costs forced cutbacks in some areas. He expressed confidence that reducing the Navy was a more acceptable alternative than reducing the BAOR, and that the Navy's effectiveness would improve, even with fewer

¹⁸¹ Interview with Admiral Harry Train, 4 January 1991.

¹⁸² Interview with Sir John Nott, 19 November 1991.

ships.¹⁸³ The overwhelming sentiment among European allies and General Rodgers was relief that the BAOR had been spared.¹⁸⁴

Following the allied discussions, on June 25 the review process came to an end. Cabinet approved a white paper, The Way Forward, outlining Nott's review. Later that day Nott announced in the House that the review had been completed. All that remained was for parliament to approve the white paper and a debate was scheduled for July 7.

The other major outstanding defence decision, whether to purchase the more advanced Trident D5 instead of the C4, proceeded on a different timetable than the review. In March Nott had begun to lay the groundwork for a shift to the D5 by informing the House of Commons Defence Committee that Trident costs could increase 20 per cent to £6 billion, depending on further decisions about the force. He also told Parliament as a whole that Trident could account for 10 per cent of total equipment spending in the peak years.¹⁸⁵ The final decision on Trident depended, however, on the US Trident Review Body's recommendation, due in the summer of 1981, on whether the D5 should indeed be built.¹⁸⁶

¹⁸³ J.Rosen, Guardian (22 June 1981).

¹⁸⁴ Interview with Sir John Nott, 19 November 1991.

¹⁸⁵ B.Bloom, Financial Times (6 Mar 1981).

¹⁸⁶ J.Connell, Sunday Times (28 June 1981); B.Bloom, Financial Times (7 Sept 1981); Colin McInnes, Trident: The Only Option? (London: Brassey's, 1986), p. 24.

The technical exchanges which precede negotiations over such large weapons sales began before the US decision had been made. Indeed, they were actually an outgrowth of a mission to Washington in the summer of 1981 to explore the possibility that the US might help Britain recover some frigates and the assault ships cut from the naval programme. The British delegation -- including Michael Power, Assistant Under Secretary (Naval Staff), and Admiral Sir Derek Reffell, Assistant Chief of the Naval Staff (Policy) -- proposed that Britain retain the amphibious assault ships Fearless and Intrepid in return for more favourable terms in a second Trident Sales Agreement.¹⁸⁷ According to Richard Perle, US Assistant Under Secretary of Defense, there was 'explicit verbal agreement' of a tradeoff over D5 research and development costs and the assault ships 'plus some frigates.'¹⁸⁸

Following President Reagan's October announcement that the US would proceed with the D5 as part of an \$180 billion strategic modernization programme Nott announced his support, in principle, for a switch. Highly significant for Britain was the US intention to close C4 production lines in 1984 and phase the missile out of service within ten years. Several years after becoming operational Britain's Trident C4

¹⁸⁷ Interview with Richard Perle, 30 March 1991; Previous mention of this proposal has suggested that it originated with the Americans. See Grove, Vanguard to Trident, p. 355.

¹⁸⁸ Interview with Richard Perle, 30 March 1991.

fleet would no longer enjoy commonality with the US, a major reason for purchasing Trident in the first place. The final British decision, and details of the extra cost, depended on further negotiations with the US.¹⁸⁹

The terms of the deal ultimately agreed were more favourable than those for the C4 purchase, though the missile cost more in absolute terms. Britain had to pay only a fixed research and development charge of \$116 million rather than a five per cent surcharge on the final cost. As a 'second-sourcing' agreement lucrative contracts were supposed to be placed with British contractors. Nor was Britain required to pay a levy to cover the cost of testing different missile components, saving an additional \$100 million. Moreover, since deployment of the D5 would stretch out the procurement period until the late 1990s it appeared that annual costs could be kept down to around three per cent of the defence budget.¹⁹⁰ Not only was the D5 purchased under more favourable terms, but in the short- to medium-term -- the period during which the 1981 review cuts were to take place -- the D5 decision actually saved money.

¹⁸⁹ H.Stanhope, The Times (20 Oct 1981); For the government's explanation of the D5 decision see Ministry of Defence, The United Kingdom Trident Programme, Defence Open Government Document 82/1, (March 1982).

¹⁹⁰ H.Stanhope, Guardian (19 Feb 1982).

CHAPTER EIGHT

Implementing The Way Forward

Nott had to defend his review both against Conservative back benchers advocating greater defence spending and the Treasury, where concern about defence budget management remained great. In the short term the review cost money and because the planned cuts were to be phased in gradually it did not eliminate current budgetary pressures. There was little chance the party would openly break with its leadership on so important an issue and within Cabinet Nott continued to enjoy the confidence of the Prime Minister. The Opposition, focusing largely on Trident, posed little threat to government policy since the nuclear deterrent enjoyed overwhelming support among the Conservative majority. However, due to the political and strategic concerns of back bench critics and the financial concerns of the Treasury, Nott was left with few political allies. Even before the Falklands War it was by no means certain that over the long-term the review would be implemented as planned.

THE WAY FORWARD

The reductions outlined in The Way Forward were not on the scale initially feared; the Royal Navy was not reduced to

a coastal defence fleet nor were the Royal Marines abolished. Nevertheless, the changes in the way the Navy performed its roles were, as Nott described the white paper, 'radical.'¹ Many Conservatives questioned the review's logic but severe criticism came from a relatively small number, due mainly to Nott's extension of three per cent annual increases in defence spending to 1985-86 and announcement of several new equipment purchases, ^{which} played an important role in the public presentation of the review. Extension of the three per cent pledge, in particular, enabled Nott to present the review as a reallocation of resources within a growing defence budget. The Government easily commanded the votes to approve the review, which passed the House 309 to 240. Labour's Defence Spokesman, Brynmoor John, recognised that Nott's proposals would not unsettle the Conservatives as much as he might have hoped, describing Nott as a 'conjurer concealing by illusion what is really happening to the defence effort. His statement has been altered from the worst case that was trailed in the Conservative newspapers over the last few weeks and has tried to induce sighs of relief from the Conservative Benches.'²

Nott was, perhaps, less of a conjurer than Labour supposed. The modified nature of the final white paper owed less to sophisticated illusion than careful politics. At the

¹ For a critical assessment see John E. Moore, 'The Way Forward: naval considerations,' Jane's Defence Weekly Vol 2, No. 5 (1981).

² Brynmoor John, Hansard (25 June 1981), col. 389.

time of Speed's departure the contours of the review had been decided, but many specific decisions were still pending.³ 'The whole review was gradually pieced together with some pieces getting more firmly set in cement as we went along, some pieces getting discarded and some things left in with a degree of certainty building up progressively.'⁴ Proposals to abolish the Royal Marines and cut the surface fleet even more severely may have been dropped due to the public debate. Speed believed that 'if the debate had not taken place the review would have proceeded more quickly and in a more fundamental way.'⁵ Sir Peter Blaker, appointed Minister of State for the Armed Forces in June 1981, believed Nott's plans were on the boundary of political possibility: 'if the review had gone more toward Ronald Mason's views about aircraft versus surface ships then it would not have been possible to defend the review against Conservative back benchers in the House of Commons.'⁶ Nott may also have wavered over the decision to cut back the Royal Dockyards. According to Nott, 'Cooper's main role...was to keep me resolute. There were some very difficult bits of it like the closure of Chatham which is where all the Tory seats were.'⁷ Without the debate

³ Keith Speed, Hansard (19 May 1981), col. 180.

⁴ Interview with Sir Frank Cooper, 24 April 1991.

⁵ Interview with the Rt. Hon. Keith Speed, 21 May 1991.

⁶ Interview with Sir Peter Blaker, 4 June 1991.

⁷ Interview with Sir John Nott, 19 November 1981.

that followed Speed's departure the review may have been even more radical.

In the end, only six Tory MPs voted against The Way Forward and they all represented constituencies heavily dependent on Chatham and Portsmouth dockyards.⁸ A small number of vocal and influential Conservative MPs, including Keith Speed, Julian Amery, and Sir Patrick Wall, spoke against the review but abstained from the vote. Most critics in both parties believed the basic assumptions of the review were too narrow and that the resulting cuts in the surface fleet jeopardized the Navy's ability to fulfil its responsibilities. By expanding the role of maritime patrol aircraft and submarines in antisubmarine warfare, Nott concluded that the surface fleet could be cut from 59 to 'about 50' ships. However, eight of the 50 were to be placed in the standby squadron and therefore not immediately available.⁹ In theory these ships would be available on 30 days notice, but only without considering readiness levels.¹⁰ Nott also cut

⁸ I.Owen, Financial Times (8 July 1981).

⁹ The consensus was that the actual number of operational ships would be 42. David Greenwood, Reshaping Britain's Defences (ASIDES paper no. 19, 1981), p. 43; Keith Speed, Sea Change (Bath: Ashgrove Press, 1982), p. 111. Cable states that yet another 'well-informed source' had suggested there could be as few as 37 ships. James Cable, Britain's Naval Future (Annapolis: Naval Institute Press, 1983), p. 130.

¹⁰ Disagreements over actual numbers continued, based on 'varying assumptions about the utility of ships in reserve and the replacement of ageing ships.' Cable, Britain's Naval Future, p. 130; See also Hansard (7 July 1981), cols. 280-84.

the number of planned operational aircraft carriers from three to two. Hermes was to be decommissioned once Illustrious was commissioned, and Invincible would be replaced by Ark Royal when it entered service in 1985-86.¹¹

The frigate reductions would diminish the Navy's ability to contribute meaningfully to the protection of transatlantic shipping. Likewise, two carriers would be inadequate for the full range of Royal Navy responsibilities. Both were committed to performing NATO tasks in the event of an East/West conflict. One was to operate in the East Atlantic with 8-10 escorts protecting US troop and merchant ships. The second was assigned to Britain's ASW Group 2, whose combat role was to protect a US strike fleet operating out of the Norwegian Sea.¹² With only two carriers Britain would have none available for out-of-area tasks. Nor would Britain have the ability to mount an amphibious assault, in the NATO theatre or elsewhere, once the two LPDs Intrepid and Fearless were phased out in 1982 and 1984 respectively.¹³ The character and extent of the naval cuts prompted Admiral of the Fleet Lord

¹¹ Cmnd 8288, The United Kingdom Defence Programme: The Way Forward (June 1981), para 27; Not long after the review Nott initiated discussions with Australia leading to an agreement to sell Invincible in late 1983, leaving Britain with only one carrier until late 1984. The Falkands War intervened and ultimately the transfer did not take place.

¹² For a critical assessment see Desmond Wettern, '"The Way Forward" -- Implications for NATO,' Navy International (October 1981).

¹³ Cmnd 8288, The Way Forward, para 31.

Hill-Norton, a former Chief of the Naval Staff and First Sea Lord to describe the review as 'the second attempt by a Tory Government to destroy the Royal Navy in the last 24 years.'¹⁴

The other highly controversial decision, reduction of the dockyards, also had potential strategic consequences. The naval base and dockyard at Chatham were to be closed, activity at the Portsmouth dockyard was to be sharply reduced, and the future of the Gibraltar dockyard was made the subject of negotiations with the Gibraltar Government.¹⁵ In addition to the very great concern over employment consequences some MPs worried that Rosyth and Devonport dockyards would be inadequate to service the fleet. Rosyth was to 'continue to refit SSBNs, patrol submarines, frigates and small ships, and Devonport the remainder of the dockyard programme.'¹⁶ However, delays in the refitting schedules of both dockyards suggested that relying on them posed additional risks to the Navy.

The critical aspect of this debate was whether closing Chatham would affect the refitting of Polaris. At Rosyth, delays in refitting the Polaris submarines Renown and Revenge had prompted the dockyard's 1981 annual report to conclude

¹⁴ Lord Hill-Norton, Hansard (Lords) (20 July 1981), col. 20; For a succinct but comprehensive analysis of the implications of the review for the Royal Navy see Derek Wood, 'Stormy Passage Ahead: the future of the Royal Navy,' International Defense Review 12/1981.

¹⁵ Cmnd 8288, The Way Forward, para 40.

¹⁶ Peter Blaker, Hansard (10 Nov 1981), cols. 67-8.

'Rosyth's reputation for refitting missile submarines has undoubtedly suffered a setback.'¹⁷ Similarly, Devonport had taken four years to refit the nuclear submarine (SSN) HMS Swiftsure, twice as long as the seven SSN refits undertaken at Chatham.¹⁸ Devonport had not completed a single refuelling/refit operation yet was to be made responsible for the entire fleet of SSNs and diesel powered submarines (SSKs) which were to be built up, ^{respectively,} from 12 to 17, and at a rate of one per year.¹⁹

Several important factors mitigated these concerns. At Devonport refitting delays had been partly the result of the three-month moratorium imposed in 1980 -- which cut back equipment purchases and reduced the amount of overtime and shift work -- and partly by industrial disputes. One dispute had delayed work for more than a year.²⁰ Trade unions also sought to prevent Chatham's closure, preparing bar charts and other materials suggesting that closure would seriously affect running and refitting of the fleet, including Polaris.²¹ However, the Navy disagreed. They supported the government's decision to close Chatham, which had excessive overheads, poor tides, and had not been an essential home port of the Navy,

¹⁷ Quoted in D.Wettern Daily Telegraph (26 Oct 1981).

¹⁸ Hansard (10 Nov 1981), cols. 408-9.

¹⁹ Sir Frederick Burden, Hansard (15 Feb 1982), col. 21; Cmnd 8288, The Way Forward, para 26.

²⁰ D.Wettern, Daily Telegraph (26 Oct 1981).

²¹ Interview with Sir Peter Blaker, 4 June 1991.

like Portsmouth, for many years. Moreover, Chatham lacked the political pull of Rosyth, which was a vital source of jobs in Scotland and had recently received new nuclear submarine outfitting facilities.²² Based largely on Royal Navy assurances, Blaker was able to express his satisfaction with 'the capability of the yards at Devonport and Rosyth to cope with our refitting burden.'²³

The Royal Navy's analysis of future refitting needs depended on the future size and composition of the fleet. Improvements in the cores of submarine reactors extended the lifespan of both old and new boats, thereby reducing refitting needs.²⁴ Nott's policy of abandoning mid-life modernisations was also a key consideration since it presaged the new class of frigate, the Type 23, first announced in June 1980.²⁵ The Type 23 was supposed to answer the Navy's quantity versus quality dilemma.²⁶ It would provide a helicopter platform for the Sea King or its replacement (a decision on purchasing the EH101 was not taken), have both active and passive sonars, and play an important support role to the more sophisticated

²² Interview with Sir Peter Blaker, 4 June 1991; Interview with Alan Pritchard, 18 June 1991.

²³ Peter Blaker, Hansard (10 Nov 1981), cols. 408-9.

²⁴ John Nott, Hansard (7 July 1981), col. 283.

²⁵ Cmnd 8288, The Way Forward, para 24.

²⁶ Speed, Sea Change, p. 90; Paul Maurice, 'Type 23: a budget-cutting frigate for the Royal Navy,' International Defense Review 8/1981, p. 1055.

Type 22 frigates and Type 42 guided missile destroyers. The effectiveness of Type 22s and Type 42s, which depended on highly sophisticated sensors, would suffer without modernisation. Consequently, while the review announced an order for one more Type 22 -- the seventh -- it froze the number of Type 42s in the fleet at fourteen.²⁷ A policy of replacing ships rather than modernising them naturally meant that Type 23s would have to come on line rapidly to prevent fleet numbers from falling precipitously. Consequently, Nott accelerated the Type 23 building programme.²⁸

Some remained sceptical, however, that Type 23 build rates would be adequate either to keep fleet numbers up or to provide sufficient business to British shipbuilders to enable them to keep open their five naval yards. Only after The Way Forward had been approved did the MoD announce that Type 23s would not be ordered until the 'middle of the decade.'²⁹ Moreover, decisions about the Type 23 were primarily financial and, according to Nott, it could not cost more than a certain amount of money, even if that meant choosing between one capability and another.³⁰ This rigid financial approach to

²⁷ Cmnd 8288, The Way Forward, para 30; Another Type 22 was ordered in February 1982. Cmnd 8529-I, Defence Estimates, 1982, para 211.

²⁸ John Nott, Hansard (7 July 1981), col. 280.

²⁹ I.Owen, Financial Times (23 July 1981).

³⁰ John Nott in Second Report from the Defence Committee, 1981-82, Ministry of Defence Organisation and Procurement (HC 22-II), 16 June 1981, p. 34, para 47; The Type 23 was

shipbuilding suggested that the Type 23 was perhaps not the design on which to stake the future well-being of British shipbuilders, whose future was jeopardized by the reduction in domestic and international demand for their warships.³¹ Not only might the MoD order too few Type 23s to prevent the closure of shipping yards and job losses, but the MoD's sale of warships cut from the programme risked soaking up existing demand for specialised ships, especially since the prices were relatively low. Small warships on a May 1981 list prepared by the Defence Sales Organisation ranged from £10-20 million and included a slight refit for the purchaser.³²

In contrast to the Royal Navy, the RAF initially benefitted from the defence review. The improvement programme already underway -- the introduction of a Tornado air defence variant, Nimrod airborne early warning and modernisation of the UK air defence ground radar and communications systems -- was to continue. Likewise, air-to-air, and surface-to-air missile stocks were to be expanded.³³ Two Phantom squadrons were to be retained after the arrival of the Tornado F2 instead of being phased out. A further 36 Hawk trainer aircraft were to be fitted with Sidewinder air-to-air

originally expected to cost £70 million each.

³¹ Derek Wood, 'UK Warship Building in Crisis,' International Defense Review 9/1981, p. 1122.

³² International Defense Review, (8/1981), p. 975.

³³ Cmnd 8288, The Way Forward, para 12.

missiles. To extend fighter operational time and range additional VC10 aircraft -- originally purchased from British Airways to provide spares for the existing fleet -- were to be modified as tankers or transport.³⁴ In the maritime area the final three Nimrod Mark I aircraft were to be brought up to Mark II standard, bringing the force to 34, and were to be fitted with the Sting Ray lightweight torpedo effective against submarines.³⁵ The improvements to RAF Germany were particularly helpful in enhancing political support for the review. The Jaguar force based in Germany would not be replaced early but the government planned to replace the Harrier GR3 through collaboration with the US on the advanced version of the Harrier AV8B (GR5) of which 60 would be purchased.³⁶ Not only would this ensure an effective strike/attack capability but also offered the prospect of £1 billion of work for British industry.³⁷

Another feature of the review appealing to Conservative critics was the continued re-equipment of the BAOR. In addition to improvements already planned there was to be an increase in the number of Milan anti-tank weapons purchased

³⁴ Cmnd 8288, The Way Forward, para 13; Defence (August 1981), p. 5.

³⁵ Ibid., para 25.

³⁶ Ibid., para 19.

³⁷ Ibid., para 19; John Nott, Hansard (25 June 1981), col. 386.

and improvements to the Blowpipe air defence missile.³⁸ The size of the BAOR was, of course, not to be cut below the 55,000 level established in the Brussels Treaty. But 2,000 administrative personnel were to be removed along with the elimination of one of the three divisional headquarters operating in Germany. The Army did not suffer the large manpower cuts it had feared. There were to be 7,000 Army redundancies, compared to 8,000-10,000 in the Navy and 2,500 in the Royal Air Force.³⁹ However, two aspects of the review with which the Army disagreed, although marginal, did relate to manpower and training.

Expansion of the Territorial Army, a popular measure with Conservative MPs, was seen by the Army as the result of political pressure.⁴⁰ The issue hinged on whether to rely on mobilisation or small, streamlined forces. The Army preferred to maintain a regular force not overburdened by the responsibility for training reserves. In contrast, the TA lobby in Parliament wanted to see the TA regain an operational role as well as establish a separate division, and this may have been less costly as well. The Army was told to reshape

³⁸ Cmnd 8288, The Way Forward, para 18.

³⁹ An estimated 15-20,000 UK-based civilians were also to lose their jobs due to the programming changes. Cmnd 8288, The Way Forward, paras 38-43.

⁴⁰ On the political influence of the Territorial Army see Wallace Earl Walker, Reserve Forces and the British Territorial Army (London: Tri-Service Press, 1990), esp. pp. 8-9.

the BAOR to accommodate this idea.⁴¹ The Army maintained a constructive role in the decision-making process by arguing first, that Regulars were more cost-effective, and second, that any expanded role for the TA should focus on reinforcement of the BAOR.⁴² Ultimately, Army arguments prevailed and the primary role of the expanded TA was reinforcement. One sign of the Army's bureaucratic success during the review was the delay of this decision for several years.

Delay was also an important element in Army resistance to cuts in the Individual Training Organisation. Nott endorsed cuts in individual training, which could have been undertaken at any time and need not have been part of a major defence review, based on the arbitrary reduction in civil service ceilings which had been imposed on all government departments prior to the 1981 review. The obvious goal of the proposed ITO cut was to get savings, but the Army argued that training was its peacetime role and that savings in this area would be crippling. The General Staff recognised that improvements in organisation could be made but because morale was at stake, preferred to wrestle with this problem in their own time.⁴³ The Way Forward provided the time necessary for this

⁴¹ Cmnd 8288, The Way Forward, para 17.

⁴² Interview with Lt. General Sir Derek Boorman, 8 January 1992.

⁴³ Interview with Lt. General Sir Derek Boorman, 8 January 1992.

reassessment, stating merely that 'we shall seek economies in the organisation for training, including staff training, and some establishments will close.'⁴⁴

More significantly, the defence review was the forum in which pending decisions about enhancements in Britain's out-of-area capabilities were made. According to Nott the main purpose of British military activity outside of NATO would be 'to help maintain stability primarily by the provision of training and assistance, participation in joint exercises and the supply of defence equipment.'⁴⁵ In addition, the government was prepared to use modest force, in conjunction with the US or another ally, to protect regional allies or Western strategic interests. Operating independently, the government remained committed to reinforcing British dependencies and to protecting British citizens overseas.⁴⁶ Yet the capabilities necessary to fulfil these commitments were not enhanced. The Way Forward outlined only modest improvements in rapid deployment capabilities. Equipment stockpiles were expanded, airlift capabilities were increased and the task of planning and commanding out-of-area operations was centralised at the Headquarters of the Eighth Field Force.⁴⁷

⁴⁴ Cmnd 8288, The Way Forward, para 41.

⁴⁵ John Nott, Hansard (17 March 1981), col. 187.

⁴⁶ John Nott, Hansard (17 March 1981), col. 187.

⁴⁷ Cmnd 8288, The Way Forward, para 35.

Government policy toward out-of-area capabilities thus revealed ambivalence. It was evident in the basic approach to the defence review and in Nott's subsequent reversal of the decision to eliminate the assault ships Fearless and Intrepid. While Nott planned major cuts in the Royal Navy's surface fleet, he also wanted the Navy to resume the practice of deploying 'a substantial naval task group on long detachments for visits and exercises in the Atlantic, Caribbean, Indian Ocean or further East.'⁴⁸ This detachment, which usually involved 8-9 ships, had been cancelled for 1981 because too few ships could be spared.⁴⁹ The need to resume these detachments, according to The Way Forward, was the same as the government's rationale for greater out-of-area capabilities:

changes in many areas of the world, together with growing Soviet military reach and readiness to exploit it...make it increasingly necessary for NATO members to look at Western security concerns over a wider field than before.'⁵⁰

The key problem in carrying out the desired improvements in out-of-area capabilities was that out-of-area commitments threatened to impinge on NATO-allocated resources.⁵¹

Conservative protests about the defence cuts continued

⁴⁸ Cmnd 8288, The Way Forward, para 34.

⁴⁹ D.Wettern, Daily Telegraph (31 Aug 1981).

⁵⁰ Cmnd 8288, The Way Forward, para 32.

⁵¹ Economist Keith Hartley observed that existing financial constraints made the proposal for a free-standing UK RDF 'simply another element in a complex choice situation.' See Keith Hartley, 'Can the UK Afford a Rapid Deployment Force?' RUSI Journal (March 1982), p.19.

after the defence review had been approved. Prior to the Falklands War the back bench challenge culminated in a defence debate sponsored by Conservative MP Sir Frederick Burden. On February 15, 1982, Sir Frederick proposed a motion for debate in the House of Commons welcoming Polaris replacement but expressing 'grave concern' at the

rigid constraints and lack of flexibility being imposed upon the Ministry of Defence, which are leading to a dramatic reduction in the Royal Navy's surface fleet, a lack of capacity to refit submarines, unacceptable shortfalls in the number of Royal Air Force front-line aircraft, and excessive planned reductions in the three service' personnel and their essential civilian support, all at a time when the threat facing the North Atlantic Treaty Organisation alliance has never been greater.⁵²

The ensuing debate revealed the extent of the continuing division between Nott and a number of Conservatives, whose speeches included calls for increased defence spending, preserving the surface fleet and reducing the British Army of the Rhine.⁵³

A number of these policy differences were addressed in a book published in March 1982 by John Wilkinson, Parliamentary Private Secretary to Nott, and Commander Michael Chichester. The book, The Uncertain Ally--British Defence Policy, 1960-1990, criticised many aspects of the review. The authors

⁵² Sir Frederick Burden, Hansard (15 Feb 1982), col. 20.

⁵³ Patrick Wall, Hansard (15 Feb 1982), cols. 31-2; Alan Glyn, Hansard (15 Feb 1982), cols. 39-40; Winston Churchill, Hansard (15 Feb 1982), cols. 55-6; Keith Speed, Hansard (15 Feb 1982), cols. 58-60.

called for a 'new strategic plan for the global defence of the West...[incorporating] an agreement to reduce the size of the British Army of the Rhine,' and shifting resources into the maritime and air roles also necessary for the defence of Europe.⁵⁴ They argued that 'the robbing of the Royal Navy to pay for the maintenance of British Forces in Germany has now gone too far and cannot be carried any further.'⁵⁵ In addition, they wanted Britain to develop the capability to carry out statements of intention in providing military assistance to the US in out-of-area disputes. Before this would be possible they believed the Prime Minister would have to get Britain 'off the hook of its Brussels Treaty commitments over the level of forces in West Germany.'⁵⁶

By the time The Uncertain Ally appeared Nott had already announced that two amphibious assault ships, Fearless and Intrepid would be retained. This announcement followed a personal visit by Nott to Fearless and a second look at projected costings.⁵⁷ Nott had always hoped to add back to the programme and decided at an early stage that the amphibious assault ships should have priority.⁵⁸ The purpose

⁵⁴ John Wilkinson and Michael Chichester, Uncertain Ally--British Defence Policy, 1960-1980 (Gower, 1982), p. 231.

⁵⁵ Ibid., p. 142.

⁵⁶ Ibid., p. 116.

⁵⁷ Eric Grove, Vanguard to Trident (Annapolis: US Naval Institute Press, 1987), p. 355.

⁵⁸ Interview with Sir John Nott, 19 November 1991.

of retaining the ships was, according to Nott, 'to maintain our capability to conduct operations on NATO's northern flank...and out-of-area.'⁵⁹ An additional reason why Nott reprieved the ships, as part of the Trident deal, has already been mentioned.

Ultimately, the decision to purchase the Trident D5 had a beneficial impact on the rest of the defence budget. The D5 programme was not fully in place and whereas spending on the C4 was scheduled to peak in the late 1980s, spending on the D5 would not peak until the 1990s. While this did not affect the need for cuts in the programme, the D5 decision taken in principle in late 1981 but anticipated by Nott as early as February 1981, enabled the defence review cuts to be phased in more gradually.

Almost all the defence cuts were to be phased in slowly, taking full effect around 1985-86. By phasing reductions over a five-year period the reduced levels would be reached by 1990. The pace of manpower reductions, for example, was to be determined 'so far as possible through natural wastage and careful control of recruitment rates.'⁶⁰ Contraction of the surface fleet was also to be gradual:

the change will be made mainly by disposing early of older and more manpower-intensive ships, for example among the Rothesay and Leander classes, and timing their withdrawal so far as possible to avoid

⁵⁹ Quoted in Grove, Vanguard to Trident, p. 355.

⁶⁰ Cmnd 8288, The Way Forward, para 38.

refit or major modernisation.⁶¹

Even the closure of the Chatham Dockyard, a major source of savings, was not due to take place until 1984.⁶² The White Paper did not identify the time-scale of the 'sharp reduction' in the workload of the Portsmouth Dockyard but some time was allowed for both yards to complete current projects.

Partly because it was gradual, the review was unable to put an end to the financial pressures facing the MoD. Indeed, in the short-term the review cost money, thereby contributing to the MoD's difficulty in remaining within its 1981-82 cash limits. Nott accepted that the earliest the cuts would have an effect was one year and that two years was more realistic.⁶³ As a result, he sought to find savings without the 'end of the year cost-cutting' he had deplored in the 1981 Defence Estimates.

FINANCIAL PRESSURES

In the year following the review Nott initiated changes in the ministry and procurement process which were to culminate later in the decade with major organisational change. It was under Nott that the role of defence contracts as a mechanism for expenditure control began to be

⁶¹ Cmnd 8288, The Way Forward, para 29.

⁶² Ibid., para 40.

⁶³ B.Bloom, Financial Times (27 June 1981).

highlighted. Contracts subsequently became the centrepiece of procurement reforms in the mid-1980s. Nott also formally strengthened the role of the Chief of Defence Staff.

The nature of MoD budgetary planning prevented the review, however radical its goals, from being implemented overnight. Due to the early committal of funds within each fiscal year and of the large proportion of service budgets devoted to fixed costs money allocated to one service can only be reallocated to another service over a period of years.⁶⁴ The graduated approach of the defence review thus did not imply MoD confidence that its £12.274 billion allotment for 1981-82 would be adequate. The difficulty of remaining within the cash limit was apparent early in the financial year. In announcing the review Nott said 'Last year we suffered from severe cash problems, and similar difficulties are already emerging in the current year.'⁶⁵ Indeed, The Way Forward cautiously stated that

A great deal of work...lies ahead in shaping the details and planning the methods and timing of implementing change; and modifications or further adjustments may prove necessary.⁶⁶

Significantly, no detailed financial information about the defence programme was provided either in The Way Forward or by

⁶⁴ B.E Robson in HC 22-II, MoD Organisation and Procurement, Q. 269; and J.D.Bryars in Defence Committee Minutes of Evidence, Defence Cuts and Defence Estimates, (HC 223), 11 and 18 March, Q. 5.

⁶⁵ John Nott Hansard (25 June 1981), col. 385.

⁶⁶ Cmnd 8288, The Way Forward, para 46.

Nott in his discussion of it in Parliament.

In the broadest sense, the two main sources of savings were administrative economies and restructuring the equipment programme. The government had placed considerable emphasis on efficiency since its election in 1979. At that time the MoD employed 248,000 civilians. By June 1981 'cuts in functions and increased efficiency [had] already reduced the figure to some 228,000.'⁶⁷ The architect of these cuts was Sir Derek Rayner. Acting as the government's efficiency advisor Rayner mobilised 'scrutiny teams' in each government department to identify tasks which could be performed more efficiently and with fewer civil servants.⁶⁸ By the end of 1982 departments had conducted 133 scrutinies and reviews 'with the help and advice of Sir Derek.'⁶⁹

Recommendations for the MoD included increasing the responsibility of lower level officials in deciding how tasks should be performed, thereby enabling a reduction in the amount of staff time devoted to issuing instructions, and emphasising efficient spending systems rather than routine checks of expenditure.⁷⁰ Completing and implementing these

⁶⁷ Cmnd 8288, The Way Forward, para 43.

⁶⁸ Leo Pliatzky, Getting and Spending: Public Expenditure, Employment and Inflation, revised edition, (Oxford: Basil Blackwell, 1984), p. 181.

⁶⁹ Cmnd 8616, Efficiency and Effectiveness in the Civil Service: Government Observations on the Third Report from the Treasury and Civil Service Committee, (HC 236), p. 3, para 8.

⁷⁰ R.Northedge, Daily Telegraph (30 Sept 1981).

studies required new organisational machinery. A small number of central staff pursued the recommendations against a tight timetable.⁷¹ To coordinate implementation John Mayne, a civil servant with experience at the Treasury, the Central Policy Review Staff, and the Cabinet Office was appointed Director-General of Management and Audit. The resulting savings, though not inconsequential, were small in comparison to the overall defence budget.⁷²

The largest source of possible savings in the budget was the equipment programme and the MoD scrutiny teams were an important link to Nott's long-term goal of reducing equipment costs. In November Nott told the Defence Committee that since the defence review the MoD had been 'engaged in reshaping the organisation to reflect programme changes' and that to assist in this process two reports had been commissioned from Rayner's scrutiny teams. These were the Report on the Control of Expenditure (The Reeves Report), and the Review of Operational Requirements Procedures, (the Fisher Report).⁷³

Together these reports recommended numerous and fundamental changes in procurement procedures. The Fisher report investigated the formulation of operational

⁷¹ Sir Ewen Broadbent, The Military and Government (London: Macmillan, 1988), p. 59.

⁷² Cuts in the MoDs Audit Department, for example, were expected to save an annual £2.71 million. Broadbent, The Military and Government, p. 59.

⁷³ Nott in HC 22-II, MoD Organisation and Procurement, p. 18, Q. 2.

requirements assessing whether the central decision-making process on procurement could be accelerated.⁷⁴ The report concluded there was inadequate machinery to advise the Secretary of State on detailed aspects of resource allocation.⁷⁵ The Reeves Report identified three constraints on the MoD's ability to control expenditure. First, the annual cycle of cash limits made no provision for under or overspends. Second, statutes required that payments could not be postponed or advanced. As discussed previously, these constraints meant that the only way to conform with cash limits was to plan to underspend, an inefficient use of available funds.⁷⁶ Third, contracts were inadequate to predict cash outflows since companies could deploy their resources as they saw fit. The tendency in the 1970s for contractors to fill contracts late had contributed to the MoD's budgetary crisis. Shortly after becoming a factor in budgetary planning, late completion of contracts ceased due to the recession, which prompted contractors to complete work early. This analysis gave rise to the idea of billing profiles which could enable the MoD to plan the incidence of

⁷⁴ Ibid., p. 30, Q. 29.

⁷⁵ HCDC report in Ibid., para 21.

⁷⁶ Ministry of Defence, The Study of the Control of Expenditure 1981, Open Government Document 81/01, (OGD 81/01), November 1981, para 17. The Reeves Report is summarised in this document, which was provided to the House of Commons Defence Committee during hearings on MoD organisation at the end of 1981.

expenditure.⁷⁷

The Reeves Report also studied the 1980-81 overspend and concluded that it had four main causes: i) the buildup of MoD contracts in the preceding years; ii) 'insufficient pruning of the programme at the stage of Estimates preparation'; iii) the recession, which released industrial capacity and stimulated contractors to complete defence work early; and, iv) the inflexibility of the defence programme, which prevented compensation for the overspend once it had been forecast.⁷⁸ The MoD accepted the report's conclusions, in general, though it stressed that the primary cause was the recession and its effects on industry. As a result, when early forecasts for 1981-82 spending indicated that MoD cash limits were likely to be exceeded the MoD's first response was to slow the flow of cash to defence contractors.

Deferring payments in 1981 was a temporary measure to stop the rapid outflow of defence funds. The goal was to avoid having to resort to a moratorium on spending, as Pym had done in 1980. Early in 1981 the Prime Minister indicated her awareness that the equipment programme might be slowed down. On February 18 she told a group of American journalists that as equipment had been coming forward earlier than planned:

⁷⁷ Ibid., para 183.

⁷⁸ Ibid., p. 3, para 8.

'there will come a year when it isn't coming forward so fast.'⁷⁹ In this budgetary problem lay seeds of subsequent reforms, when fixed price contracts were introduced to shift the financial risk to contractors rather than leaving the MoD to shoulder it all.

The MoD had to consider the possible negative effects of slowing equipment deliveries, including the potential disruption to industry and the near certainty that deferred items would ultimately cost more. The effects of a discontinuity in production and the possible difficulty of resuming production had to be considered in relation to each specific programme before deferring payments. Even if discontinuity were a risk deferrals would not be automatically ruled out since 'the penalties that one may have to accept to remain within cash limits include higher ultimate unit costs due to inflation or less efficient production.'⁸⁰ The importance of these considerations, however, made close cooperation between the Procurement Executive and defence industry a key goal.⁸¹

Discussions with defence contractors about deferring payments began in spring 1981. In March the Chief of Defence

⁷⁹ Prime Minister's Interview with US Journalists, (18 February 1981).

⁸⁰ J.D.Bryars, Deputy Under Secretary (Finance and Budgets), in HC 233, Defence Cuts and Defence Estimates, Q. 19.

⁸¹ Cmnd 8529-I, Statement on the Defence Estimates, 1982, para 407.

Procurement, David Cardwell, announced a new plan to get billing profiles from defence contractors. By enabling the compilation of a schedule for bills in the coming fiscal year billing profiles offered the prospect of better control of expenditure.⁸² Cardwell expressed early confidence that industry understood the MoD's problem and told the Defence Committee that 'the important thing [was] not to disturb the contractual arrangements.'⁸³ However, when contractors responded unfavourably to payment deferrals, Cardwell suggested that the alternative was another moratorium.⁸⁴ Although payment deferrals would exacerbate industry cash flow problems a moratorium would be far more serious, especially for small companies. According to the Defence Manufacturers Association,

in times of special financial stringency there is an increased tendency for major contractors, finding themselves with underused resources, to undertake work in-house which previously was done by sub-contractors. Major contractors will perform more work in-house rather than hire a sub-contractor. This can weaken the smaller companies concerned or even squeeze them out of business.⁸⁵

⁸² D.Cardwell, HC 233, Defence Cuts and Defence Estimates, Q. 78; Though the cash profiles could be used to help the MoD lower its current cash outflow the idea had evolved as an instrument to help monitor expenditure in the long-term programme.

⁸³ HC 233, Defence Cuts and Defence Estimates, Q. 78.

⁸⁴ M.Smith, Guardian (31 July 1981); R.Gribben, Daily Telegraph (12 Aug 1981).

⁸⁵ Memo by the Defence Manufacturers Association (DP14) submitted to the House of Commons Defence Committee 15 October 1981, HC 22-II, MoD Organisation and Procurement, p. 433.

The elimination of small contractors would be a significant loss to the defence industry. They tend to be highly specialised in critical areas and flexible enough to exploit new technologies with a minimum of difficulty.⁸⁶

For the MoD the effect of payment deferrals depended on the type of equipment deferred. Contracts for spare parts and stores, which made up a large proportion of the budget, could be delayed at times of economic duress and accelerated to catch up when more money was available. Although resulting in fewer spares and stores than desired, delaying these items had fewer long-term effects than cutting a major equipment programme.⁸⁷

Nevertheless, due to the size of the 1981-82 budgetary shortfall the MoD considered deferring the delivery of Tornado aircraft, which were being jointly produced with West Germany and Italy. The Tornado programme, in production since 1974, had been deferred to slow defence spending on two previous occasions, once in 1975 and again in 1977.⁸⁸ In 1981 the German Ministry of Defence was also having difficulty funding

⁸⁶ Memo by the Defence Manufacturers Association (DP14) in HC 22-II, MoD Organisation and Procurement, p. 433.

⁸⁷ J.D. Bryars in HC 233, Defence Cuts and Defence Estimates, Q. 70.

⁸⁸ Andrew Cox and Stephen Kirby, Congress, Parliament and Defence (London: Macmillan, 1986), p. 225; See also Second Report from the Expenditure Committee, 1974-75, The Defence Review Proposals, (HC 259), 6 March 1975, para 26, and Select Committee on Expenditure, 1976-77, The Cumulative Effect of Cuts in Defence Expenditure, (HC 254), 10 March 1977, para 8.

its Tornado purchases. In December Geoffrey Pattie, Minister of State for Defence Procurement, announced that discussions were underway between the three countries about slowing down Tornado delivery rates. The purpose, he clearly stated, was 'to assist in relieving pressures on defence budgets.'⁸⁹

Attempts to cope with the MoD's budget problems led Nott to become dissatisfied with the rigidity of the cash limits system, which he had defended before the House in his first statement as Secretary of State for Defence. The conclusions of the Reeves Report encouraged this dissatisfaction by identifying the budget cycle and cash limits as major constraints on programme management. Nott became aware of the system's shortcomings early on,⁹⁰ but it wasn't until the 1981 round of MoD-Treasury negotiations that he recognised the extent of the problem and proposed specific changes to the system.

NEGOTIATING WITH THE TREASURY

Nott faced serious political problems by early 1982, largely due to the difficulty of negotiating with the Treasury. Despite having been seen as a member of 'the Treasury team' Nott had less than ideal relations with that ministry. One aspect of the review which had elicited

⁸⁹ Quoted in Daily Telegraph (9 Dec 1981).

⁹⁰ John Nott, Hansard (19 May 1981), col. 150.

disapproval from the Treasury as well as the services was Nott's creation of a Central Contingency Reserve. Nott saw it as essential that about £200 million be placed under his direct control both so that there was flexibility in the programme and that he had greater influence. Yet non-allocated money was anathema to both the Treasury and the services, who both bid for it. Nott succeeded in protecting it and in getting an increase in both 1981-82 cash limits and the 1982-83 MoD budget, but only after recourse to the Star Chamber, a subcommittee of Cabinet set up to resolve budget disputes between the Treasury and spending ministers.⁹¹ Even then, the difference in the inflation rate applied to the MoD compared to other departments did not endear him to Cabinet colleagues. There was speculation in the media that Nott had lost standing in Cabinet as a result of his requests for additional funding.⁹²

As the difficulty of remaining within cash limits became evident Nott proposed that the MoD be granted 10 per cent flexibility in meeting its budget.⁹³ Nott subsequently sought to transfer funds from the 1983-84 fiscal year budget

⁹¹ See Simon Jenkins, 'The "Star Chamber", PESC and the Cabinet,' Political Quarterly Vol. 56, NO. 2 (1985); William Whitelaw, The Whitelaw Memoirs (London: Aurum Press, 1989), p. 252.

⁹² J.Langdon, Guardian (10 Feb 1982); For the economic logic behind 'Nott's worst budgetary battles' see Greenwood, Reshaping Britain's Defences, pp. 22-24; and D.Greenwood and P.Hennessy, Times (27 Oct 1981).

⁹³ John Nott, Hansard (19 May 1981), col. 150.

to fiscal year 1982-83 to help him balance the books. These proposals were not welcomed by the Treasury but they were taken seriously.⁹⁴ On February 9 the Prime Minister announced that the government 'recognised the advantages...of introducing some form of end year flexibility...and my right hon Friend the Chief Secretary is looking at this again.'⁹⁵

The Chancellor's March 1981 Budget Statement had stated that public expenditure would be planned in cash rather than, as previously, in constant prices. This decision was based on the belief that 'levels of service [provided by the government] must be determined in the light of the finance available.'⁹⁶ The Way Forward echoed this decision by announcing that 'Defence, like other programmes, will now be managed in cash terms.'⁹⁷ Above all, this meant that budgetary planning for defence would now take inflation into consideration, which had not been possible while the budget was managed in terms of volume (which assumed constant prices). Taking account of inflation could be expected to alleviate at least some of the budgetary pressure stemming from rapid escalation of equipment costs. But this step took effect during the Public Expenditure Survey round of 1981 and

⁹⁴ J.Langdon, Guardian (10 Feb 1982).

⁹⁵ Margaret Thatcher, Hansard (9 Feb 1982), col. 856.

⁹⁶ Cmnd 8494-I, The Government's Expenditure Plans, 1982-83 to 1984-85, para 4.

⁹⁷ Cmnd 8288, The Way Forward, p. 1, para 2.

therefore did not affect the 1981-82 fiscal year.

The annual budgetary cycle customarily involved funding disputes between the Treasury and spending departments, but the decision to run the MoD on cash terms expanded the room for disagreement. The focus of the discussion between the Treasury and MoD over the 1982-83 cash limits was on how to determine the inflation rate which would be applied to the defence budget to arrive at the annual increase. The MoD argued that the applicable inflation rate was the higher level of defence inflation, which tended to exceed consumer inflation by 6 to 10 per cent.⁹⁸

Treasury officials continued to believe that the higher level of defence inflation was the result of poor financial management and remained reluctant to apply a different standard to the MoD than to other spending departments. Weaknesses in the system of military procurement had been an ongoing concern since the 1961 publication of the Report of the Committee on Management and Control of Research and Development (the Gibbs/Zuckerman report). Problems identified in this report included the difficulty of defining defence priorities, the modification of equipment specifications, poor collaboration with industry, and the need to balance sophistication with marketability. Efforts to resolve these problems had resulted in the creation of the Procurement

⁹⁸ Cmnd 8529-I, Statement on the Defence Estimates, 1982, para 403.

Executive following the publication of the 1971 Rayner Report. The formation of the Procurement Executive improved the efficiency of the procurement process, but there were still notable examples of inefficiency which weakened the MoD's position in budget negotiations with the Treasury.

Damaging revelations about the MoD's management of the costly Chevaline programme to modernise the warheads of the Polaris nuclear missile became public in June 1981 and may have coloured budget negotiations with the Treasury. Initially, in 1972, the total cost of a five-year development programme and subsequent production of the Chevaline system was estimated at £175 million (at Autumn 1972 prices). In 1975 the decision to carry the programme to completion was made and by March 1976 the estimated total cost had risen to £594 million (£388 million in Autumn 1972 prices).⁹⁹ In spring 1981, after ten years and £1 billion the Chevaline warhead was still not complete. As a result, the Atomic Weapons Research Establishment (AWRE) at Aldermaston had to turn over control of the programme to British Aerospace. This was done amid suggestions that Chevaline had been a 'job creation scheme' for Aldermaston to prevent atomic weapons scientists from drifting into new jobs during the lull in work between the completion of the Polaris missiles and the

⁹⁹ Memorandum submitted by the MoD, 'The Development of the Chevaline Improvement to the Polaris Missile System,' printed in the Ninth Report from the Committee of Public Accounts, 1981-82, Ministry of Defence: Chevaline Improvement to the Polaris Missile System (HC 269), 17 March 1982, p. 2.

beginning of work on a Polaris successor.¹⁰⁰

Despite Treasury concerns over MoD inefficiency the MoD secured Treasury agreement for inflation adjustment slightly higher than that for other spending departments. Negotiations between the MoD and the Treasury began in June, shortly after the defence review was completed. The negotiating teams were led by Desmond Bryars, Deputy Under Secretary (Finance and Budgets) at the MoD, and John Hansford, Undersecretary for Defence Material at the Treasury. These teams were supposed to work out the details of an agreement before Nott or Leon Brittan, Chief Secretary to the Treasury, became involved in the process. Ultimately, the issue had to be resolved by Cabinet during its October-November deliberations on the government's 1982 public expenditure white paper.¹⁰¹

One key area of dispute, as mentioned above, was Nott's creation of a Central Contingency Reserve under his control. In addition to budgetary flexibility, the purpose was to allow him to exercise influence at the margins of service programmes. According to Nott,

I wanted to have some pressure at the margin. It's a tiny sum of money in relation to the whole but that final marginal amount of money was pretty crucial. It was by keeping that little marginal amount of money under my personal control -- and that really of the civilians -- that one was able to influence decisions quite substantially.¹⁰²

¹⁰⁰ P.Hennessy, Times (30 June 1981).

¹⁰¹ P.Hennessy, Times (29 June 1981).

¹⁰² Interview with Sir John Nott, 19 November 1991.

The Treasury, arguing that there should be no carryover of funds, tried to soak it up, but proved unable to until after Nott had left office.¹⁰³

The result of the 1981 budget round was a £480 million increase in the MoD's 1982-83 cash limits. Far from allowing an expansion of MoD programmes, without the increase programmes would have been cut.¹⁰⁴ When the Chancellor announced the increase on 2 December 1981, he said it was necessary 'In order to enable us to carry through the policies set out in the June Defence White Paper...[including] the cost of the 1981 Armed Forces pay award.'¹⁰⁵ At 1979 constant prices the budget was planned to increase from £9,750 million in 1981-82 to £10,050 million in 1982-83. Adjusted for inflation, the planned budget figure was £13,624 million. Following the negotiations the 1982-83 budget was to be £14,103 million.¹⁰⁶ The assumed inflation rate for the MoD was 8 per cent, whereas for other spending departments it was 7 per cent. Assuming this inflation rate was accurate the new budget figure represented a rise in real terms of 4 per cent over the budget allocation for 1981-82.¹⁰⁷

¹⁰³ M.Rutherford, Financial Times (23 June 1982).

¹⁰⁴ M.Donne, Financial Times (3 Dec 1981).

¹⁰⁵ Sir Geoffrey Howe, Hansard (2 Dec 1981), col. 240.

¹⁰⁶ These calculations appeared in D.Fairhall, Guardian (3 Dec 1981).

¹⁰⁷ S.Hogg, Sunday Times (14 March 1982).

While Nott succeeded in defending his defence plans against Treasury cuts, pressure on his other flank, the Conservative Party, continued. It was modified, however, by the increase in 1981-82 spending and Nott's pledge to extend the three per cent pledge to 1985-86. More than any other single factor this decision enabled Nott to weather the political storm: he could present his review as an adjustment to the programme in the context of continued growth in defence spending. It was a useful presentational device, though not necessarily an indicator of the health of the programme. Service estimates indicated that an increase of £480 million would be inadequate and that the assumed inflation rate was too low. The military calculated that the MoD needed a total increase of £1,400 million to meet existing commitments.¹⁰⁸

To explore service arguments the Conservative back bench Defence Committee requested an audience with the Service Chiefs, with whom they had met in 1980 when Pym had been arguing for defence increases. Nott informed Anthony Buck, chairman of the committee, that such a meeting would be inappropriate.¹⁰⁹ Nott's response can be attributed to the difficulty of his political situation; to varying degrees he had strained relations with the military, the Treasury, and other Cabinet ministers. Denying back benchers access to the

¹⁰⁸ £700 million for the RAF, £400 million for the RN, and £300 million for the Army. J.Connell, Sunday Times (6 Dec 1981).

¹⁰⁹ J.Langdon, Guardian (9 Feb 1982).

military did not help Nott's relationship with them, but prevented further aggravation of existing problems with Cabinet and the Treasury.

STRENGTHENING THE CHIEF OF DEFENCE STAFF

By the time the 1982-83 budget disputes were resolved the structure of the MoD had been significantly altered. Not only had the single-service ministers been replaced with functional postings, but the Chief of Defence Staff had been considerably strengthened, at the initiative of Admiral Lewin. Lewin believed there had been inadequate military input into the defence review at the crucial stages, due partly to a failure of the central military staffs fully to understand the problem of overall defence priorities:

John Nott was a man in a hurry, events moved at too great a speed for the COS organisation and the single services were fully preoccupied defending their own positions. The Central Staff were unable to make an effective contribution and once again we failed to grasp the essential problem of overall defence priorities.¹¹⁰

The frustration brought about by this situation prompted Lewin to propose strengthening the role of the Chief of Defence Staff in the decision-making process.

Changing the structure of relationships between the Chiefs of Staff depended on the support of both the Secretary

¹¹⁰ Admiral of the Fleet Lord Lewin, 'MOD Reorganisation: a personal perspective,' in Captain John Moore, (ed), Jane's Naval Review (London: Jane's, 1985), p. 111.

of State and the Permanent Under Secretary. Furthermore, the Service Chiefs had to be split -- a proposal for change simply could not survive if all three were opposed. The window of opportunity opened after the 1981 defence review. Nott recognised the difficult position his CDS had been in during the review and was sympathetic to change: Lewin was 'in a very difficult position as a CDS who was a naval man to the roots but who had to try to achieve a consensus among the Chiefs of Staff. As a result of his experiences he wanted formally to elevate the CDS, which I did.'¹¹¹ Also, two of the four Chiefs of Staff, Lewin and Bramall, had both been on the staff of Mountbatten, the greatest proponent of centralised military authority since the Second World War.

The Service Chiefs had stopped Mountbatten before he fully achieved his goals for the ministry, but he succeeded in passing on his ideas to a new generation. According to Field Marshal Lord Bramall, who had been on Mountbatten's staff at the time of the 1964 reorganisation of the ministry: 'In 1964 we went as far as we could. Elevating the CDS in 1982 was moving in the direction that Mountbatten had intended, but Mountbatten had been alone among the Chiefs of Staff in seeking a stronger defence staff.'¹¹² Unlike 1964, in 1981 opinion was split. Lewin and Bramall believed that

¹¹¹ Interview with Sir John Nott, 19 November 1991.

¹¹² Interview with Field Marshal Lord Bramall, 15 October 1991.

strengthening the CDS would reduce the difficulty of developing a global view of defence priorities. On the other hand, Leach and Beetham believed that when the Chiefs of Staff were deadlocked it was adequate that the CDS could give an independent viewpoint. They also opposed reducing the power of the Service Chiefs on the basis that only they were capable of exercising responsibility for their services, and that power and responsibility should remain in the same hands.

The arguments had been aired before with little impact on the ministry. It was hardly auspicious for change that the Service Chiefs, who stood the least to gain, had to participate in bringing change about. The presence of Lewin and Bramall in positions to support change, particularly after a bruising episode had highlighted certain weaknesses of the Chiefs of Staff Committee, was fortuitous. When Lewin judged that the moment was right he sent a memorandum to Nott outlining the proposed changes. They were based on five principles: 1. The CDS should be the government's principal military advisor; 2. The Chiefs of Staff Committee would be the forum in which the CDS would seek Chiefs of Staff advice, but it would no longer have collective responsibility; 3. Chiefs of Staff would remain the heads of their services; 4. central military staff would be made directly responsible to the CDS; 5. a Service Appointments Committee consisting of the CDS and Chiefs of Staff should be formed to oversee promotion

and appointments of senior military.¹¹³

Lewin did not submit the proposals to the Chiefs of Staff which, technically, was unconstitutional, but would have ensured the plan's failure. Nott accepted the proposals, which quickly received prime ministerial approval, but treated the issue delicately because it was not politically popular with Parliament. Indeed, the way Nott handled Lewin's proposals reflected their considerable political sensitivity. Nott first publicly mentioned the possibility of strengthening the CDS in testimony to the Defence Committee on 11 November 1981, after the changes had been approved by the Prime Minister.¹¹⁴ He said

In my relatively short time I have seen that an across-the-board defence view is vital...we must continue the evolutionary process that has gone on throughout this century toward providing advice to the Defence Minister covering defence as a whole as well as all three services, and as part of this process I am now working on some evolutionary changes in the military area with the aim of giving the Chief of Defence Staff a rather stronger voice whilst at the same time maintaining the authority of the single service Chiefs of Staff.¹¹⁵

Nott was also careful regarding the balance between the centre and the services, the cause of Leach's and Beetham's

¹¹³ Lewin, 'MOD Reorganisation,' p. 111.

¹¹⁴ Nott in HC 22-II, MoD Organisation and Procurement, Q. 2; Lieutenant General Sir Maurice Johnston (Deputy Chief of Defence Staff), 'More Power to the Centre: MOD Reorganisation,' RUSI Journal Vol. 128, No. 1 (March 1983), p. 8.

¹¹⁵ Nott in HC 22-II, MoD Organisation and Procurement, para 2.

reservations:

I think that we must not create a monolithic central organisation because any big group like ours must breathe and, to some extent, the differences of view which are bound to exist are healthy and desirable in arriving at the right final judgement.¹¹⁶

Despite the fact that this was one of the most important changes in the MoD organisation for many years, Nott did not confirm that they had been implemented until February 1982. When he did it was in a low-key manner; a letter to the chairman of the Defence Committee Cranley Onslow.¹¹⁷

Lewin had planned to mount further change, using his strengthened authority as CDS, but remained unable to partly because of the delay and partly because of the outbreak of the Falklands War.¹¹⁸ Further organisational change was not taken up until after Michael Heseltine became Secretary of State for Defence in 1983 and the new structure had been tested during the war and proved sound. The 1984 changes were, however, a natural outgrowth of those undertaken in 1982 which were critical to enabling further reform to be mounted. Had Lewin's reforms not prevailed in 1982, when the inability of the Chiefs of Staff to participate fully in a fundamental review was still fully appreciated, it is doubtful whether

¹¹⁶ HC 22-II, MoD Organisation and Procurement, para 7.

¹¹⁷ Broadbent, The Military and Government, p. 64; and H.Stanhope, The Times (12 Feb 1982).

¹¹⁸ Interview with Admiral of the Fleet Lord Lewin, 13 August 1991.

the evolution of the ministry in the 1980s would have proceeded nearly as fast.

Heseltine's reforms began with adoption of a Management Information System for Ministers and top management (MINIS) which enabled him to scrutinise ministry activities before undertaking further organisational change.¹¹⁹ When full-scale reorganisation did take place it further concentrated control in the hands of the centre at the expense of the services. Indeed, Heseltine was considerably less sensitive to service concerns than Nott had been. Heseltine believed that it was no good 'trying to put a tri-service gloss on it,' and specifically set out to reduce the authority of the Service Chiefs.¹²⁰ Not surprisingly the process through which he arrived at his proposals was not an open one. The Chiefs learned of a pending announcement of organisational change only 24 hours in advance, a cause of considerable tension which culminated in the establishment of a joint civilian and military body, the Defence Organisation Steering Group, to oversee the changes.¹²¹ However, even the establishment of this group could not alter the fact that henceforth planning and programming was formally to be carried

¹¹⁹ Cmnd 9227, Statement on the Defence Estimates, 1984 (March 1984), para 210.

¹²⁰ Heseltine quoted in Antony Beevor, Inside the British Army (London: Hogarth Press, 1990), p. 142.

¹²¹ Interview with Admiral of the Fleet Lord Fieldhouse, 24 July 1991.

out in the centre, the services executing decisions without necessarily playing a major role in their development.

Changes in the distribution of responsibility for strategic planning reflected the experience of the 1981 review. The Land, Sea and Air staffs of the Service Chiefs were placed under direct control of the CDS. Heseltine's consultative paper stated

The recent changes designed to strengthen the position of the CDS, whilst valuable in themselves, have served to accentuate the organisational separation of his Central Staffs from the Naval, General and Air Staffs in a way which I believe was never intended by architects of the Ministry. The time has come to recognise the inter-dependence of the subjects with which they deal and to bring the relevant Staffs of DCDS and the single-Service Vice-Chiefs together.¹²²

The Service Chiefs were left with a rump staff but lost their Vice Chiefs, through whom considerable service authority had been exercised; they had been directly responsible for many of the service staffs shifted to the centre. Though no longer under service control these staffs could still be consulted, at the discretion of the CDS.

The relationship between the services and the centre was completely transformed. Previously the CDS had to have Service Chief permission to task defence staffs and now it was the other way around. Moreover, civilian and military staffs now co-mingled in the centre, with the central Strategy and Policy Staff headed by a civilian with lines of responsibility

¹²² DOGD 84/03, Organisation for Defence, para 13.

to both the PUS and CDS. The Second Permanent Under Secretary was made a member of all three Service Boards which gave his immediate superior, the PUS, a direct civilian link to service affairs. Similarly, elements of the Defence Secretariat which had been understood as Service-oriented -- DS4, DS7, DS9 -- no longer reported to the service Deputy Under Secretaries but to a central civilian, the Assistant Under Secretary (Resources).

One vital achievement of the new structure was that it lowered the point in the hierarchy at which single-service rivalries could be pursued through the programming process. It was pushed down from the four-star Chiefs of Staff level to the brigadier (one-star) level. Three brigadiers headed the Single-Service Executive Staffs, the old service planning hierarchy, but their boss was now in the centre at the two-star level, the Deputy Chief of Defence Staff. Thus the system ensured that overall defence considerations influenced the development of plans from the two-star level of the central planning hierarchy and above.

Organisational change is not, in itself, sufficient to alter the character of as complex and sophisticated a ministry as the MoD. The new institutional relationships did not render the centre autonomous nor create an inherently hostile centre-service relationship. The balance of influence had shifted but cooperation between the centre and the services remained essential. The vital difference between Lewin's reforms and Heseltine's initiative was that the former

primarily constituted a transfer of responsibility whereas the latter was a wide-ranging reorganisation of the ministry. Both initiatives, however, strengthened the centre and were facilitated by the 1981 review.

CHAPTER NINE

The Falklands War

The Falklands War had a major impact on the implementation of the 1981 defence review.¹ 'Operation Corporate' to retake the Falklands Islands after the Argentine invasion of April 1982 depended on the Royal Navy. It involved sending a task force of 42 warships, 70 merchant vessels, and 26,000 service personnel 8,000 miles to carry out an air war and an amphibious landing. The importance of the surface fleet in the conduct of the war fortified arguments that it deserved a higher priority in long-term MoD plans. If The Way Forward had already been implemented, Operation Corporate would not have been possible. Many observers noted that among the frontline ships sent to the South Atlantic 6 were to be scrapped under Nott's plans. Not surprisingly, the war reopened debate over defence priorities and eroded the government's plans to consolidate the defence review.

By the end of 1982 many, though not all, of the major cuts had been rescinded. In early 1983 John Nott left politics. His successor, Michael Heseltine, far from

¹ Many histories of the war have been written, among them, Lawrence Freedman and Virginia Gamba-Stonehouse, Signals of War (London: Faber and Faber, 1990); Max Hastings and Peter Jenkins, The Battle for the Falklands (London: Michael Joseph, 1983); and David Brown, The Royal Navy and the Falklands War (London: Leo Cooper, 1987).

reopening the debate over the defence review, concentrated first on generating support for the planned deployment of US cruise missiles to Britain as part of NATO's 1979 dual-track decision, and as discussed in the last chapter, undertook a major reorganisation of the ministry. Indeed, the Conservative Government proved extremely reluctant to conduct any further fundamental reviews of the defence programme, preferring instead to rely on programming 'adjustments' rather than seeking to realign commitments with resources.

OPERATION CORPORATE

The Falklands War transformed the defence debate because it was precisely the type of war that the 1981 review had assigned the lowest priority. The nearest air base to which Britain had access -- USAF Wideawake -- was on Ascension Island, more than 3,500 miles from the Falklands. Providing air defence for the fleet, and for the land battle, was thus extremely difficult. The carriers Hermes and Invincible -- both to have been removed from service earlier than their natural lifespan required -- were vital, as were the amphibious assault ships Fearless and Intrepid. As a result, the Falklands War appeared to confirm many of the concerns expressed by critics of the review.

The Royal Navy was in the forefront of the Falklands War from the beginning. When intelligence reports of an imminent

invasion arrived in London on 31 March 1982, Admiral Lewin, whose term as CDS did not expire until late 1982, was in New Zealand and unable to return promptly. General Sir Edwin Bramall, Lewin's designated successor, was in Northern Ireland and returned to London shortly after the news broke.² In the meantime Chief of the Naval Staff Admiral Sir Henry Leach was acting Chief of Defence Staff.

The prevailing advice of the MoD in the months leading up to the conflict was that sending a task force would take time, raise the political stakes, and not guarantee success. Leach interjected a more confident view. After receiving news of imminent invasion Leach went in full uniform to the House of Commons in search of Nott. There the Prime Minister invited him into an emergency meeting of what was to become the War Cabinet.³ When asked by Thatcher how Britain could respond to an invasion Leach replied confidently: 'I can put together a Task Force of destroyers, frigates, landing craft support vessels. It will be led by the aircraft carrier HMS Hermes and HMS Invincible. It can be ready to leave in forty-eight hours.'⁴

Leach's confidence was instrumental. He offered the

² Freedman and Gamba-Stonehouse, Signals of War, p. 124.

³ See Colin Seymour-Ure, 'British "War Cabinets" in Limited Wars: Korea, Suez and the Falklands,' Public Administration Vol. 62 (Summer 1984).

⁴ Quoted in Rt. Hon. Margaret Thatcher, 'Foreword,' to Admiral Sandy Woodward, One Hundred Days (London: Harper Collins, 1992), p. xi.

Prime Minister the means to respond as both political circumstances and her own instincts demanded. At this stage, the political importance of the task force was paramount.⁵ It was an immediate reaction to be seen to be doing something. Following the meeting with the Prime Minister Leach called CINCFLEET, Admiral Sir John Fieldhouse, and told him to prepare to send the Task Force on Monday morning. Fieldhouse responded that it could be done but it would mean 'just chucking all the kit into the ships and going.'⁶ If the departure could be delayed until Wednesday, Fieldhouse said, the task force could depart in better order. The political need to respond quickly was deemed vital and, as the Prime Minister announced in the emergency debate following news of the invasion, 'The Government have now decided that a large task force will sail as soon as all preparations are complete. HMS Invincible will be in the lead and will leave port on Monday.'⁷ The landing forces needed the time they were later given at Ascension Island to organize their equipment.⁸

⁵ G.M.Dillon, The Falklands, Politics and War (London: Macmillan, 1989), pp. 91-2.

⁶ Interview with Admiral of the Fleet Lord Fieldhouse, 24 July 1991; for a description of the preparations see Woodward, One Hundred Days, p. 73; and Julian Thompson, The Lifeblood of War: Logistics in Armed Conflict (London: Brassey's, 1991), p. 252.

⁷ Margaret Thatcher, Hansard (3 April 1982) reprinted in The Falklands Campaign: A Digest of Debates in the House of Commons, 2 April 15 June 1982 (London: HMSO, 1982), pp. 7-8.

⁸ Interview with Admiral of the Fleet Lord Fieldhouse, 24 July 1991; Thompson, Lifeblood of War, p. 254.

In the emergency debate on 3 April, even the Opposition, led by Michael Foot, tacitly supported a military response. While criticising government diplomacy prior to the invasion, Foot highlighted 'the longer-term interest to ensure that foul and brutal aggression does not succeed in our world. If it does, there will be a danger not merely to the Falklands Islands, but to people all over this dangerous planet.'⁹ The Royal Navy, and, in particular, the most vociferous critic of the 1981 defence review, Admiral Leach, thus provided the Prime Minister with the means and the confidence to respond militarily.

The Royal Navy continued in its leading military role once the war began. Admiral Fieldhouse took command of Operation Corporate, reporting directly to the Chief of Defence Staff. Into the Royal Navy's headquarters at Northwood Fieldhouse brought a land deputy, first Major General Sir Jeremy Moore, later General Sir Richard Trent, and an Air Commander, Air Marshal Sir John Curtis. The other services were thus closely involved in the operation. Indeed, close inter-service cooperation was required for successful conduct of the war.¹⁰ In addition to the Task Force and 3 Royal Marine Commando Brigades, the Army sent 2 Brigades and 2 Parachute Regiment Battalions. The RAF provided substantial

⁹ Michael Foot, Hansard (2 April 1981) in the Falklands Campaign, pp. 9-10.

¹⁰ John Nott, 'The Falklands Campaign,' Proceedings Vol. 109 (May 1983), p. 120.

reconnaissance and logistic support, also placing valued assets -- Harriers and Chinook helicopters -- on carriers and container ships at Royal Navy disposal. Of vital importance was RAF air-to-air refuelling capacity, which was rapidly expanded on very short notice.¹¹ This extended the operational time and range of British aircraft, enabling optimum use of a resource in short supply so far from friendly airfields.

Not only was Ascension island over 3,500 miles away, but the Argentine mainland was only 400. British military intelligence on Argentina was poor, constituting the best information already in the public domain, Jane's Fighting Ships, and an analysis of combat aircraft numbers based on reported aircraft deliveries.¹² The sinking of the Argentine cruiser General Belgrano on 2 May effectively eliminated any threat posed by the Argentine fleet, which subsequently remained in port. However, this was not immediately evident and the potential threat from Argentina's two submarines always remained a concern.¹³

British commanders recognised, however, that air defence was the key aspect of the war, on which the outcome depended.

¹¹ Jeffrey Ethell and Alfred Price, Air War South Atlantic (London: Sidgwick and Jackson, 1983), p. 32.

¹² Woodward, One Hundred Days, p. 78; Ethell and Price, Air War South Atlantic, p. 26.

¹³ Woodward, One Hundred Days, p. 164; Ethell and Price, Air War South Atlantic, p. 92.

The main Argentine threat came from its Air Force and Fleet Air Arm, which was believed to total 247 operational fighter and attack aircraft, though it actually totalled around 130.¹⁴ An obvious concern was that Argentina's superiority in aircraft numbers and proximity to the combat zone could prove a decisive advantage. To counter Argentine air power Britain relied primarily on 34 carrier borne Harriers, though not all of these could be devoted solely to air defence. In conjunction with ship-based Sea Wolf and Sea Dart missiles, Electronic Counter Measures, and on land Rapier missiles, the Harriers had to protect the fleet and landing forces. In addition, some Harriers had to conduct ground support and bombing operations, further reducing the number available for air defence. Due to the range and number of Argentine aircraft the fleet remained well East of the Falklands to maximize the difficulty for Argentine pilots. The unfortunate consequence was to reduce the operational range of the Harriers, particularly those operating in support of land forces.¹⁵ Further complicating the air defence role was the lack of Airborne Early Warning due to the limited range of the Nimrods flying out of Ascension and US unwillingness to become

¹⁴ Ethell and Price, Air War South Atlantic, p. 26.

¹⁵ Julian Thompson, No Picnic: 3 Commando Brigade in the South Atlantic (Leo Cooper with Secker & Warburg, 1985), p. 69; Cmnd 8758, The Falklands Campaign: The Lessons (December 1982), para 228.

operationally involved in the conflict.¹⁶

Like British commanders, Argentine commanders were sensitive to the air threat and thus failed successfully to exploit their greatest advantage. Rather than risk valuable air assets through forward basing on the Falklands Argentina flew primarily out of the mainland. This was due in part to the ingenuity of the RAF, which succeeded in bombing Port Stanley airfield using a Vulcan bomber rapidly modified for mid-air refuelling. The extent to which British forces were operating at full reach was demonstrated by the tanker requirements of that one plane:

It took 14 tankers airborne, 11 to refuel the Vulcan, to reach Stanley. One Victor refueller barely made it back itself because it gave more than its spare fuel to the Vulcan.¹⁷

To maximise the Vulcan's impact the RAF 'went to the operational analysts and asked how best to attack Stanley with one Vulcan.' They were told that going in diagonally with 21 bombs provided a 90 percent chance of one hit and a 65 percent chance of a second. 'Twenty one bombs were dropped, with one landing in the middle of the runway and one on the edge. We couldn't have done any better.'¹⁸ Sea Harriers from Hermes

¹⁶ Freedman and Gamba-Stonehouse, Signals of War, p. 333.

¹⁷ Interview with Marshal of the RAF Sir Michael Beetham, 21 October 1991.

¹⁸ Interview with Marshal of the RAF Sir Michael Beetham, 21 October 1991; See also Woodward, One Hundred Days, pp. 133-35; and Rodney Burden, et. al., Falklands: The Air War (London: Arms and Armour Press, 1986), pp. 363-7.

followed up the Vulcan raid with low-level air attacks against the airfield, which continued to be attacked at intervals throughout the campaign.¹⁹ The second Vulcan bombing run was less successful, with the bombs landing near the edge of the runway. Stanley airport remained in use, but by Hercules transport aircraft, not advanced fighter/bombers. The Argentine Air Force -- noting the range of Britain's bombing capability -- withdrew their Mirage 3 aircraft to the mainland. The RAF's raid, though derided for involving only one plane, and failing to close the runway altogether, nevertheless reduced the air defence burden.

The British strategy of attriting Argentine air assets in advance of the amphibious assault foundered on Argentine caution in engaging the Harriers. By all accounts, Argentine pilots were committed and professional, but the all-weather Harrier, armed with AIM9L Sidewinder air-to-air missiles was a formidable opponent.²⁰ Early on Argentina elected to conserve its air assets to attack the fleet once a land campaign got underway, a decision from which Britain ultimately benefitted. Although important ships, material and, of course, lives, were lost in Argentine bombing raids, these were not the points of greatest weakness in British

¹⁹ See Woodward, One Hundred Days, p. 137; See also Brian Hanrahan and Robert Fox, 'I Counted Them All Out and I Counted Them All Back' (London: British Broadcasting Company, 1982) pp. 20-21, for a contemporary news report of the Harrier attack.

²⁰ Woodward, One Hundred Days, p. 143.

strategy. The most vulnerable aspects of Britain's war effort were air defences and the logistics of the land campaign.²¹ Had Argentina attacked the Harriers rather than the assets they were protecting more damage may have been done to Britain's ability to continue the campaign. 'If the Argentines had chosen a different target and gone for the Harriers it would only have taken the loss of 15 for the whole to be grounded and there wouldn't have been any air defence. Instead they went for the Task Force itself.'²²

Attacking the Task Force was complicated by the Sea Dart missile system deployed on Type 42 destroyers, forcing Argentine pilots to approach at low altitudes to avoid detection.²³ Low approaches complicate the task of bombing a ship because the natural tendency to fly clear of point defences interferes with the bomb's flight. Moreover, bombs dropped at low altitudes must be retarded otherwise their explosions destroy the plane delivering them. There are two methods of bomb retardation: parachutes or fuses. The Argentine Navy had parachutes. The Air Force, trained more for high-altitude bombing, had fuses. Due to an error in fusing fourteen of the bombs dropped on ships did not explode:

There were fourteen unexploded bombs in the hulls of ships. What would have happened if the Argentines had not made the disastrous error of

²¹ See Freedman and Gamba-Stonehouse, Signals of War, p. 361.

²² Interview C.

²³ Woodward, One Hundred Days, pp. 175-6.

setting the arming delay on fourteen seconds instead of setting the fuse delay on fourteen one-hundredths of a second?²⁴

Argentina had greater success with its sea-skimming radar-homing French built Exocet missiles.²⁵ The most notable Exocet kill was the Type 42 destroyer HMS Sheffield on 4 May. Sheffield failed to deploy its chaff, though even that may not have saved it.²⁶ A second Exocet sunk the container ship Atlantic Conveyor and its valuable cargo, including Six Wessex, one Lynx and three Chinook helicopters.²⁷ A third airborne Exocet attack was countered, but a subsequent ground-launched attack seriously damaged the destroyer HMS Glamorgan.²⁸ According to Admiral Train, 'When you stop to think that the Argentines sank three British ships with a total inventory of five Exocet missiles it makes you wonder.'²⁹ The sinking of Sheffield demonstrated the vulnerability of even the most sophisticated warships to sea-skimming missiles, and the vital importance of Airborne Early Warning to enable destruction of the delivery platform -- the aircraft -- rather than the weapon, which was considerably

²⁴ Interview with Admiral Harry Train, 4 January 1991.

²⁵ See Antony Preston, Sea Combat Off the Falklands (London: Willow Books, 1982), pp. 63-75.

²⁶ Woodward, One Hundred Days, p. 14.

²⁷ Freedman and Gamba-Stonehouse, Signals of War, p. 361.

²⁸ Nott, 'Falklands Campaign,' p. 123; Freedman and Gamba-Stonehouse, Signals of War, p. 394.

²⁹ Interview with Admiral Harry Train, 4 January 1991.

more difficult to hit, moving too fast for even the Sea Dart missile tracking system.³⁰

Providing air defence both for the Task Force and the land forces stretched a small force thinly, becoming a source of friction between British commanders.³¹ General Sir Jeremy Moore observed that 'only the land forces could win the war, but the Navy could always lose it.'³² Thus, despite the high degree of inter-service cooperation during the war, it 'would never have been possible if the cuts in the Navy had gone ahead...If the 1981 cuts had happened four years before the Falklands operation we would not have been able to undertake it.'³³ Fortunately, due to the gradual nature of the review, the Navy remained essentially at its pre-1981 capability. Even so the operation depleted Britain's maritime contribution to NATO. According to Train, who remained SACLANT during the war and subsequently wrote the official US analysis, 'The British would not have been a participant at all in a NATO-Warsaw Pact War...The Royal Navy was all gone.

³⁰ Woodward, One Hundred Days, p. 223; Nott, 'The Falklands Campaign,' p. 130; Preston, Sea Combat Off the Falklands, pp. 15, 114.

³¹ Freedman and Gamba-Stonehouse, Signals of War, pp. 323-29; For Admiral Woodward and General Moore's joint public account of the operation see General Sir Jeremy Moore and Rear Admiral Sir John Woodward, 'The Falklands Experience,' in RUSI Journal Vol. 128, No. 1 (March 1983).

³² Woodward, One Hundred Days, p. 104.

³³ Interview with Admiral of the Fleet Lord Fieldhouse, 24 July 1991.

There wasn't anything left [in the North Atlantic].'³⁴

In undermining a basic assumption of the 1981 review -- that Britain would not conduct independent military operations outside of the NATO area -- the war logically called into question the entire review. 'Hardly was the ink dry when the Falklands War came along...Never has someone been proved wrong by such a one-off thing on such short notice.'³⁵ Nott was left to argue in Parliament that 'the United Kingdom has the ability to mount a major naval task force and to sustain it for a period at that distance. The charge that the Royal Navy cannot do this is flagrantly and patently untrue.'³⁶ Yet, if his proposals had been fully implemented the capability of the Royal Navy would have been considerably reduced. In fairness to Nott, while debate focused on the 1981 review, the Falklands War also posed a serious challenge to defence policy of the previous fifteen years, during which time the Royal Navy had increasingly been configured to fight only in a European context.

The importance of the surface fleet to the operation was obvious. The war also provided a clear example that surface ships signalled political commitment in addition to providing

³⁴ Interview with Admiral Harry Train, 4 Jan 1991; See also Alexander M. Haig, Caveat (London: Weidenfield and Nicolson, 1984), p. 265; For Train's analysis see US Department of the Navy, Lessons of the Falklands, (February 1983).

³⁵ Interview with Field Marshal Lord Bramall, 15 October 1991.

³⁶ John Nott, Hansard (2 April 1981), in The Falklands Campaign, p. 21.

a military capability. The planned withdrawal of the hydrographic vessel Endurance and the decision not to replace it were construed by the Argentine Junta as one sign of reduced British interest in the South Atlantic.³⁷ The war immeasurably enhanced the standing of the Navy, which as a consequence stood to benefit from a rapid assessment of its lessons. According to David Watt, due to the emotional climate immediately following the war the question of the long-term strategic lessons of the campaign was rhetorical, and the only 'simple, emphatic answer was fore-ordained: let's have a bigger navy.'³⁸

THE FALKLANDS 'LESSONS'

A fundamental question about the Falklands War was whether it contained basic lessons relevant for defence policy or whether the lessons were primarily technological. Participants in the debate drew different conclusions. To the Navy the war proved that Britain required a larger surface fleet and underscored the maxim that the role of military forces in peacetime is to remain prepared for the unexpected. Finally the Navy had been provided with an example illustrating this basic tenet of maritime strategy which:

³⁷ Cmnd 8787, Falklands Island Review: Report of a Committee of Privy Counsellors (The Franks Report), January 1983, para 287.

³⁸ D.Watt, Times (30 April 1982).

(i) was not quantifiable and therefore not susceptible to operational analysis; and,

(ii) now had to be accorded greater credibility.

Nevertheless, Nott, on the basis of interim analyses of the war, saw little reason to change the basic trend in defence policy, even though Britain's ability to sustain independent operations outside of the NATO area would be severely reduced. He viewed the Falklands War as an aberration unlikely to be repeated again. Most of the official lessons learned were confined to the sphere of defence equipment, many highlighting the vulnerability of surface ships.

Not all the lessons drawn from the Falklands War favoured the Navy. Defence analyst Peter Foot argued that the direction of the defence review 'was surely proved right more often than wrong. The argument that ships cost too much to build and had therefore to be inadequately armed was proved tragically correct.'³⁹ The official analysis emphasised that six British ships were lost in the operation and that there had been a constant struggle to provide adequate air defence.⁴⁰ Few disputed that this meant Britain required at least two aircraft carriers to provide air defence and Nott indicated early in the debate that he was reconsidering the

³⁹ Peter Foot, 'British Defence: The Falklands and After' ADIU Report (July/Aug 1982), p. 2.

⁴⁰ Cmnd 8758, The Falklands Campaign, p. 40, Annex C; p. 20, para 225.

sale of Invincible.⁴¹ But the difficulty of air defence did highlight the vulnerability of surface ships, contributing to the growing concern that their deployment 'was more of a liability than an asset.'⁴²

Strategically, the Falklands War left an ambiguous legacy for the Navy. The campaign demonstrated both the Navy's prowess at conducting a difficult operation far from Britain, and certain weaknesses in Navy capabilities. The assessment of the war by General Sir John Hackett, former commander of NATO's Northern Army Group, reflected this ambiguity. General Hackett believed the war had 'enormously increased the standing of the Navy and NATO's confidence in transatlantic reinforcement,' but the vulnerability of surface vessels to missile attack had been 'brutally demonstrated.'⁴³

The North Atlantic would undoubtedly have been a more complex and technologically dangerous environment in the event of an East/West war than the South Atlantic in spring of 1982. Highlighting ship vulnerability, the MoD officially concluded that the war confirmed the basic direction in defence policy. This conclusion, based on evidence largely provided by the Royal Navy, illustrates further the complexity of civil-military relations with respect to strategic and operational

⁴¹ Defence Committee, 1981-82, Statement on the Defence Estimates, 1982 (HC 428), 24 June 1982, p. 15, Q. 100.

⁴² Ian McKeogh, 'Britain's Defence Policy,' International Relations (May 1982), p. 2077.

⁴³ General Sir John Hackett, The Sunday Times (20 June 1982).

analyses.

The White Paper on The Falklands Campaign: The Lessons was prepared by the ministry though much of the information on which it was based was provided by the fleet in the form of reports by 'a Scientific Evaluation Team and the R&D Establishments together with reports from the Commander of the Task Force, and the three Service Departments.'⁴⁴ The Chief Scientific Adviser had sought a prominent role for DOAE in the analysis of the war and had sought Nott's approval to send five civilian analysts and two service officers to the South Atlantic during the war.⁴⁵ Nott accepted the recommendation only to have Admiral Fieldhouse veto the decision because 'of pressure on limited transport space.'⁴⁶ The Director of DOAE, J.D. Culshaw, was furious, especially given that 30 places had been allocated to the press. According to Fieldhouse, 'The aim was to win not to analyze. The fleet kept adequate records but I could understand criticisms on assessing specific weapons systems.'⁴⁷ Indeed, that was the

⁴⁴ Memorandum by the Ministry of Defence (F2, 1983-84) in Fourth Report from the Defence Committee, 1986-87, Implementing the Lessons of the Falklands Campaign (HC 345-II), 1 February 1984 and 6 May 1987, p. 19, Q. 1.

⁴⁵ Interview with Sir Ronald Mason, 4 July 1991; HC 345, Implementing the Lessons, Q. 4.

⁴⁶ Interview with Sir Ronald Mason, 4 July 1991; HC 345, Implementing the Lessons, Q. 4; Interview with Admiral of the Fleet Lord Fieldhouse, 24 July 1991.

⁴⁷ Interview with Admiral of the Fleet Lord Fieldhouse, 24 July 1991.

assigned task of the scientific team, but their arrival five days after Argentina's surrender meant that there was no real time assessment and that final assessments were based largely on anecdote, albeit the sources of these anecdotes were 'on-the-spot discussions with those who had participated in the operation while the information was still fresh.'⁴⁸

A great amount of effort went into preparing the information provided and an analytical team was set up at Northwood to coordinate and smooth over the gaps in the information.⁴⁹ All reports, not simply the final assessments, were made available to the central defence staffs to facilitate the comprehensive analysis on which the official Falklands lessons were based. As with the 1980 Defence Programme Working Party and again with the 1981 defence review the services and DOAE provided essential information on which policy decisions were based. The Deputy Chief of Defence Staff, still Lt. General Sir Maurice Johnston -- who played a key role in the 1981 review -- was directly responsible for this information and drafted The Lessons.⁵⁰ Admiral Fieldhouse and the House Defence Committee agreed that the information was 'capably handled and represented a fair

⁴⁸ Interview with Sir Ronald Mason, 4 July 1991; HC 345, Implementing the Lessons, Q. 4.

⁴⁹ Interview with Admiral of the Fleet Lord Fieldhouse, 24 July 1991.

⁵⁰ HC 345-I, Implementing the Lessons, para 18; Interview with Lt. General Sir Maurice Johnston, 16 October 1991.

assessment.⁵¹ According to Minister of State for the Armed Forces, Sir Peter Blaker, also involved in drafting the lessons, the analysis demonstrated that

while the war certainly had implications for equipment it had no significant effect on changing the government's view of defence priorities. Nevertheless, there was a shift in practice due to the relaxation of constraints on the Navy. One major reason for this relaxation was the Treasury decision to fund the war. Nott fought the MoD's corner with the Treasury very effectively.⁵²

While defending the direction of policy, but relaxing its practical application, Nott paved the way for a stronger consensus over conventional defence within the Conservative Party, though this was not immediately apparent.

The war confirmed Nott's belief that 'the main threat to the surface fleet in the future, assuming that land-based air of the Soviet Union could be successfully contained, is increasingly the submarine-launched missiles of the Soviet Navy.' But it also eased his financial pressures, facilitating a more flexible approach toward out-of-area operations.⁵³ Several years after the war Nott summed up the lessons in the following way:

What the Falklands showed was that four Exocet missiles were able to pose a major threat over two-thirds of the Royal Navy. For the Russians have thousands and thousands of much more sophisticated missiles than the Exocet. And they wouldn't come from low flying aircraft they'd largely come from

⁵¹ Interview with Lord Fieldhouse, 24 July 1991; HC 345-I, Implementing the Lessons, para 17.

⁵² Interview with Sir Peter Blaker, 4 June 1991.

⁵³ Nott in HC 428, Defence Estimates, 1982, p. 5, Q. 28.

submarines.⁵⁴

However, Nott was careful not to denigrate the value of having a 'substantial' surface navy both for the purpose of fighting the Soviets in the Atlantic and for conducting out-of-area operations.⁵⁵

Senior Royal Navy officers, mainly the First Sea Lord, sought to discredit the conclusion that the vulnerability of surface ships meant their number could safely be reduced. Admiral Leach was highly critical of the government's initial assessment of the Falklands campaign. In a speech to the Royal United Services Institute he described as 'very unsavoury' a Conservative Party pamphlet distributed to MPs at the height of the Falklands crisis.

By dint of selective quotation it sought to show that the doubts increasingly being voiced were groundless and that last year's Defence Review had given the Navy more money and better capability and so on. The handling of this was not without resemblance to that of the Defence Review itself: it was a major con-trick or, not to put too fine a point on it, a catalogue of half truths.⁵⁶

Admiral Leach called for three changes in current MoD plans. First, he believed three ASW carriers were necessary. Second, the effectiveness of weapon systems on destroyers should be improved. Third, more destroyers and frigates must be retained

⁵⁴ Nott on BBC2 MOD: Keepers of the Threat (9 April 1986).

⁵⁵ Nott in HC 428, Defence Estimates, 1982, p. 5, Q. 28.

⁵⁶ Admiral Sir Henry Leach, 'British Maritime Forces: The Future,' a lecture given at RUSI 9 June 1982 and published in RUSI Journal Vol. 127, No. 3 (Sept 1982), p. 14.

and acquired.⁵⁷

Admiral Leach became increasingly outspoken as the government played down the implications of the war for British defence policy. As he approached retirement on 1 December his criticism grew increasingly harsh. Comments by Viscount Trenchard that current defence plans would enable Britain to repeat a Falklands-type operation in 1985 or 1990, were described by Admiral Leach as 'a pack of lies.'⁵⁸ In a BBC radio interview Leach said reductions in the Navy had been based on the 'myth that surface ships are intolerably vulnerable...[and] have no useful role to play and we had better do without them.' On the contrary, he argued, 'if it had not been for surface ships we would have had very little chance of any success whatsoever in the Falklands Islands campaign. We wouldn't even have got there.'⁵⁹

There was a nationalist strain in some arguments for maintaining Britain's naval capabilities. Among members of the naval lobby a prevalent view was that only the Navy could provide the flexibility necessary to meet both Britain's alliance commitments and national interests.⁶⁰ Much was made

⁵⁷ Ibid., p. 15.

⁵⁸ Admiral Leach quoted in M.Jones and J.Connell, The Sunday Times (5 Sept 1982).

⁵⁹ Quoted in G.Parry, The Guardian (6 Sept 1982).

⁶⁰ See Lord Hill-Norton, 'Return to a National Strategy' in John Baylis, (ed), Alternative Approaches to British Defence Policy (London: Macmillan, 1983).

of the fact that six of the ships included in the naval task force were among those which Nott intended to remove from service.⁶¹ Nott's critics were soon demanding another review of Britain's defences and arguing that the Falklands War was evidence that Britain should modify its NATO contribution. The basic argument is clearly stated by Sir James Cable:

Those predominantly naval tasks of most direct concern to Britain and best adapted to her resources and traditions should fall to her share; the defence of the Central Front, for equivalent reasons, to that of her continental allies.⁶²

One of the early salvos in the debate over the lessons of the Falklands War was an editorial in The Times calling for Britain to apply a new measure of self-interest in its contribution to NATO. The war had, it claimed, confirmed the 'unwisdom' of Nott's defence policy and pointed out that there should be a general refocussing of British capability towards the maritime sphere and a renegotiation of the 1954 Paris Agreement on the grounds that times had changed with Britain no longer having conscription or numerous reserves and West Germany being an 'economic giant.'⁶³

The Paris Agreement was seen, understandably, as a major obstacle to Britain's ability to modify its NATO contribution. Yet critics pointed out that it had already been modified once

⁶¹ Hansard (6 July 1982), col. 236.

⁶² James Cable, Britain's Naval Future (London: Macmillan, 1983), p. 181.

⁶³ 'Strategy in a Silver Sea' The Times (21 June 1982).

and could be modified again.⁶⁴ To those countering that this would represent a diminution of Britain's commitment (if not contribution) Cable argued that a maritime focus for Britain's NATO contribution would not diminish its commitment but would enhance the perception that NATO was a defensive alliance because

the British contribution to NATO would then be more directly related to national defence, as the German contribution already is, support for the Alliance in Britain would be fortified.⁶⁵

These arguments supported a reversal of the defence review, not merely its modification, and Nott contended with serious criticism during the remainder of his time at the MoD. Nevertheless, without changing actual policy, Nott facilitated a reduction in Conservative protest over naval cuts.

MODIFYING THE DEFENCE REVIEW

The war's initial effect on defence policy was to delay publication of the 1982 Defence Estimates. They had been drafted with consolidation of the defence review in mind and confirmed that combined with low ship building rates the naval cuts would result in long-term contraction of the

⁶⁴ Lord Hill-Norton, 'Return to a National Strategy,' pp. 124-5.

⁶⁵ Cable, Britain's Naval Future, p. 186.

fleet.⁶⁶ When the delay was announced on April 6 the government insisted it would neither change the White Paper nor modify the defence review.⁶⁷ According to Nott, the decision to delay publication stemmed from 'a general view in the House that in the early stages of the crisis it would be better to hold it back.'⁶⁸

Publication of the Defence Estimates became subject to significant political dispute. There was disagreement in Cabinet over what constituted the best forum for assessing the war lessons. Nott stressed that drawing lessons for defence policy required a thorough and separate analysis of the campaign. Consequently, he advocated publishing the Defence Estimates with only a brief addendum referring to the war. Cabinet colleagues worried that publishing the Estimates without changes would appear unresponsive to events and could be seized upon by Conservative critics.

Nott's political standing was at a low ebb. According to press reports, he was in danger of being sacked.⁶⁹ Twice during the war he had offered to resign due to sharp criticism of his policies and his poor performance during the 3 April debate on the Falklands invasion. Nott's political position

⁶⁶ Cmnd 8529-I, Statement on the Defence Estimates, 1982 (undated), p. 12, para 210.

⁶⁷ B.Bloom, Financial Times (7 April 1982).

⁶⁸ HC 428, Defence Estimates, 1982, Q. 24.

⁶⁹ A.Raphael, Observer (20 June 1982).

was tenable only because on both occasions the Prime Minister had refused to accept his resignation, expressing continued confidence in the beleaguered Secretary of State.⁷⁰ However, Thatcher was believed to favour publishing a more substantial version of the Defence Estimates in the fall, after the war had been thoroughly studied.⁷¹ Nevertheless, Thatcher ultimately accepted Nott's judgement and on June 20 informed him that she had no plans to dismiss him.⁷² The Defence Estimates were published, unamended, shortly thereafter.

The only mention of the Falklands War was in a brief foreword by Nott. His main argument against making an early statement of the war was that it was an aberration and that the Soviet Union remained the primary threat to British security.

The events of recent weeks must not...obscure the fact that the main threat to the security of the United Kingdom is from the nuclear and conventional forces of the Warsaw Pact allies. It was to meet this threat that the defence programme described in Cmnd 8288 was designed. The framework remains appropriate.⁷³

Nott did accept, however, that there should be an analysis of the Falklands operation 'to identify the key issues, not least in the area of defence equipment.'⁷⁴ At the press conference

⁷⁰ N.Comfort, Daily Telegraph (21 June 1982).

⁷¹ Ibid.

⁷² Ibid.

⁷³ Cmnd 8529-I, Defence Estimates, 1982, Foreword, para 2.

⁷⁴ Ibid.

announcing the White Paper's publication Nott was besieged by questions challenging planned cuts in the Navy, prompting him to declare: 'If we decide to change policy, we will change it. I'm not going to hang on to every piece of current policy if facts dictate otherwise.'⁷⁵

Nott's declaration that the Soviet Union remained the primary threat did little to deflect criticism as the greatest concern of those vigorously opposed to the review had been the reduction in out-of-area capabilities. Many Conservative critics accepted that the threat from the Warsaw Pact was the most serious, but believed the more likely threat would come from beyond NATO, where local powers or Soviet client states could threaten the supply of vital resources and a local conflagration could spread to become a full scale East/West conflict.⁷⁶ Britain still had military commitments in Belize, Cyprus, Hong Kong and the Falklands Islands and depended on natural resources from strategic areas, such as oil from the Middle East. Conservative MP Julian Amery argued, for example, that no one could be sure another Falklands-type operation would not be necessary in the future because such developments were usually unexpected, but he was 'pretty sure that, given the way the world is developing...there will be a need for a British contribution somewhere outside NATO.'⁷⁷

⁷⁵ J.Feron, New York Times (23 June 1982).

⁷⁶ Julian Amery, Hansard (6 July 1982), cols. 171-74.

⁷⁷ Julian Amery, Hansard (6 July 1982), col. 173.

The Labour Party agreed with the many Conservative backbenchers advocating that the naval cuts should be rescinded. Denzil Davies, Labour's new shadow defence minister, also rejected the notion that the Falklands War was an aberration with no relevant lessons for British policy:

The conclusion to be drawn from the Falklands should not be that the Falklands War was an aberration and can therefore be ignored, or that surface ships are inherently too vulnerable, but that those surface ships placed in that situation were asked to perform a role that made them vulnerable because not many of them were designed for the role they were asked to perform. That is the lesson to be learnt from the Falklands.⁷⁸

Davies rejected the idea of basing British defence on an assumption that war on the central front would be short since that would lead to an early resort to nuclear weapons. As a result, he emphasised that the strength and efficiency of naval forces was crucial:

That means that Britain must have a modern and well-protected surface fleet as well as an efficient submarine fleet, with proper dockyard facilities to support them.⁷⁹

Labour's interest in maintaining the surface fleet to sustain employment was longstanding. Preserving Britain's options for independent action represented a shift of emphasis.⁸⁰ The shift in Labour's policy prompted former

⁷⁸ Denzil Davies, Hansard (6 July 1982), cols. 169-170.

⁷⁹ Ibid.

⁸⁰ Lawrence Freedman, 'British Defence Policy after the Falklands,' in Baylis, (ed), Alternative Approaches to British Defence Policy, p. 65; Philip Geddes, 'Falklands: the wrong kind of navy,' New Statesman (7 May 1982), p. 4.

Prime Minister and long time Navy champion James Callaghan to declare, 'When I listen to my own Front Bench, I begin to feel that we are becoming a Navy party.'⁸¹ John Silkin, Labour's front bench defence spokesman, promptly interjected 'We are.'⁸² Where the Labour front bench and Conservative back benchers differed was on the means of preserving the Navy. Conservatives wanted to see defence expenditure increased whereas Labour wanted to cancel Trident and to reallocate the funds elsewhere.⁸³

Despite ambiguity over the lessons of the Falklands War the defence review was modified in 1982. The debate over lessons unsettled the consolidation of the review, but as it had been brought about by financial stringency, debate alone could not alter MoD plans. While the debate provided rationales and political incentives for modifying the defence review,⁸⁴ the actual modifications were made possible only by the increased availability of defence funds. In the end the war provided both the rationale and the means for modifying the review. Nott fought a fierce political battle with the Treasury to secure their agreement to fund the war. In winning this battle, Nott enabled many of the cuts in the

⁸¹ James Callaghan, Hansard (6 July 1982), col. 176.

⁸² John Silkin, Hansard, (6 July 1982), col. 176.

⁸³ See the debate on Trident in Hansard (15 Feb 1982).

⁸⁴ See Eric J. Grove, 'After the Falklands,' Proceedings (March 1986), p. 122.

surface fleet to be rescinded. The reasonable health of the Royal Navy following the Falklands War may have been attributable to General Galtieri, but in securing Treasury funding for the Falklands War, Nott personally approved the largest naval re-equipment programme since the Second World War.⁸⁵

Replacing the lost equipment could not have been done within the existing defence programme. But, according to Nott,

the Treasury absolutely refused to find the money to replace the ships. I said it must be done. I refused to negotiate the matter with the Chief Secretary or the Chancellor. So the only way the matter could be resolved was in a meeting with the Prime Minister. The Prime Minister, Geoffrey Howe and I met and she backed me up. So the Navy got their replacement ships. What they don't know was that it was an extremely fierce battle -- a political battle.⁸⁶

Following this June meeting Nott announced firm agreement that the Treasury would pay for the campaign from the government's general contingency fund and that the three per cent annual defence budget increase would not be affected.⁸⁷ This was a major success for the MoD, especially since the total cost of the campaign had not yet been established.⁸⁸ It was not

⁸⁵ Interview with Admiral of the Fleet Lord Fieldhouse, 24 July 1991; Interview with Sir John Nott, 19 November 1991.

⁸⁶ Interview with Sir John Nott, 19 November 1991.

⁸⁷ M.Rutherford. Financial Times (23 June 1982).

⁸⁸ In November the cost of the Falklands operation was estimated at £700 million in 1982 and a further £900 million over the next three years. These figures include maintenance

clear for some time, however, that this arrangement would enable the MoD to modify planned defence reductions.

Nott's position early in the debate over Falklands lessons offered little hope that the defence review would be modified by the official inquiry into the war. The war had intensified the British defence dilemma.⁸⁹ Rising equipment costs made replacing lost warships very costly and the government's plan to maintain an increased presence in the South Atlantic exacerbated the difficulty of establishing a balance between NATO and out-of-area commitments. There was a consensus among defence analysts that maintaining extra-European capabilities represented a fifth commitment, in addition to the four outlined in the defence review.⁹⁰ But, of course, financial constraints had placed limits on the government's ability to develop its out-of-area capabilities; the resources for maintaining five commitments were lacking.

The need to restore unity to the Conservative Party was compelling. On 1 September Nott told his constituency that he

of the forces to September 1982, replacement of lost equipment and replenishment of stocks. Garrison costs for 1983 were estimated at £424 million. John Nott, Hansard (16 Nov 1982), col. 149.

⁸⁹ Paul Kennedy, 'Now the Falklands Battle Comes Home,' New Society (24 June 1982), pp. 508-9.

⁹⁰ See Paul Kennedy, 'Now the Falklands battle comes home,' p. 510; David Greenwood, 'Economic Constraints and Political Preferences' in Baylis, (ed), Alternative Approaches to British Defence Policy, pp. 32-2; D.Watt, Times (12 Nov 1982); For a later view see General Sir Hugh Beach, 'British Defence Policy and the South Atlantic,' South Atlantic Council Occasional Papers, No 2, (May 1986).

would not stand at the next general election. He stated that he was determined to remain in his post until the Falklands inquiry had been completed and a statement issued by the Prime Minister expressed her satisfaction that he would do so.⁹¹ Nott said his reason for making the announcement so far in advance was to give his constituency adequate time to select another candidate. Another rationale was surely so that Nott could be seen as leaving the government of his own volition even if his inquiry brought increased criticism. Moreover, under those circumstances, Nott's departure could help heal the Conservative Party. Several days later, September 4, Nott confirmed that he was prepared to leave politics before the next general election. The Royal Navy hoped that Nott's departure would increase the prospects for a reprieve of the 1981 defence review, because, Despite Nott's reconsideration of the Invincible sale and his success securing Treasury funding for the Falklands operation he was not expected to alter defence review plans once the official inquiry into the war was completed.⁹²

The first sign that there might be changes in the defence programme was made at the Conservative Party Conference at Brighton. Nott opened the defence debate by stating that financial pressures had eased following the defence review:

Lately I gave instructions that because the budget

⁹¹ M. Van Hatten, Financial Times (2 Sept 1982).

⁹² A. Raphael, Observer (5 Sept 1982).

is back in better shape all restrictions on training levels and activity and on oil consumption should be lifted.⁹³

Nott qualified his statement by asserting that a larger stock of combat missiles would be more valuable for British defences than frigates, Tornado aircraft, or Challenger tanks -- the expensive platforms 'imbalancing' the defence programme. Nott also pointed out that one lesson of the campaign was that even a minor conflict used up large quantities of ammunition.⁹⁴ The conclusion emerging from the Falklands inquiry appeared to be the one that Nott propounded early on; changes in the equipment programme were advisable, but policy remained the same. In a speech to NATO politicians in London Nott rejected arguments for increasing Britain's maritime contribution to NATO. He said it was 'folly' to consider such a step when there was an overriding need for adequate ground forces to counter the Soviet threat.⁹⁵

When the White Paper on the Falklands Campaign was published on December 14 Nott surprised many of his critics by announcing a number of equipment orders. The most unexpected of these was the decision to order five frigates of the Type 22 class rather than the less expensive (though not yet

⁹³ Nott quoted in A.Wood, et.al, Times (6 Oct 1982).

⁹⁴ Ibid.

⁹⁵ Speech by the Secretary of State for Defence John Nott to the North Atlantic Assembly in London, 18 November 1982, in Survey of Current Affairs, 1982 Vol. 12, (London: HMSO, 1982); P.Riddell, Times (19 Nov 1982).

complete) Type 23 design. One of these orders had been in the pipeline before the Falklands War; the remainder were ordered as a result of it.⁹⁶ Nott also relaxed the decision to cut the fleet to 'about 50' and put 8 ships in the standby squadron. Instead fleet numbers would remain at 'about 55' until 1984 by keeping some ships which would have been scrapped under previous plans. Plans after 1984 would, according to Nott, 'remain under review.'⁹⁷ The White Paper also confirmed that Invincible would not be sold to Australia.⁹⁸

The rationale for modifying the naval cuts was to offset the burden on the fleet brought about by the need for thorough patrolling of the Falklands Islands.⁹⁹ The changes did not affect the government's decision to close the Chatham dockyard, but Nott did issue a consultative White Paper on the role of the dockyard at Portsmouth.¹⁰⁰ The proposal was for Portsmouth to be used as a naval base rather than a dockyard.¹⁰¹ Nott's response also exceeded expectations, though not necessarily hopes, with plans for armoured reconnaissance and artillery regiments to be added to the

⁹⁶ John Nott, Hansard (14 Dec 1982), cols. 129-30.

⁹⁷ John Nott, Hansard (14 Dec 1982), col. 128.

⁹⁸ Cmnd 8758, The Falklands Campaign, p. 33, para 307.

⁹⁹ Cmnd 8758, The Falklands Campaign, para 311e.

¹⁰⁰ John Nott, Hansard (14 Dec 1982), col. 131.

¹⁰¹ D.Fairhall, Guardian (15 Dec 1982).

Fifth Infantry Brigade to enhance Britain's out-of-area capabilities. Later in the year an Army Air Corps squadron and 'certain logistic units' were to be added.¹⁰² More transport aircraft were also made available.¹⁰³ The total cost of new equipment purchases was £1 billion.¹⁰⁴

The MoD's ability to acquire such a range of new equipment was due to two main factors. First, the bulk of the purchases were paid for by the Treasury, as had been agreed in June. The extent of the equipment funded out of the general contingency reserve was justified by its flexibility and mobility.¹⁰⁵ Equipment purchased for use in protecting the Falklands Islands could also be used for other tasks.

In planning its expenditure on the Falklands, the Ministry of Defence sought to invest as little as possible themselves, but to use as much of the additional expenditure allowed for the garrison to purchase equipment that could be employed for a variety of alternative purposes.¹⁰⁶

Second, the MoD budget situation had begun to improve, as Nott had told the Conservative Party conference. This was due partly to the March 1982 decision to purchase the D-5 version of the Trident missile, which shifted major expenditure forward in the medium term budget. The primary reason,

¹⁰² John Nott, Hansard (14 Dec 1982), col. 128.

¹⁰³ Cmnd 8758, The Falklands Campaign, para 304.

¹⁰⁴ D.Fairhall, Guardian (15 Dec 1982).

¹⁰⁵ Cmnd 8758, The Falklands Campaign, p. 31, para 301.

¹⁰⁶ Freedman, 'British Defence Policy After the Falklands,' p. 66.

however, was that the MoD's 1982 budget was being underspent.

This was the result of

over-zealous application of new procedures for controlling procurement...and as a result of defence contractors having to take on urgent Falklands work at the expense of other MoD business.¹⁰⁷

According to Nott there was no longer any downward pressure on the defence budget:

The pressures on me to add to the programme within the already announced defence totals are much greater than any pressures to reduce the programme and cut the forward plans.¹⁰⁸

Nonetheless, Nott saw no choice but to be 'ruthless in deciding our defence priorities,' not the least because given Britain's history it was 'only natural that our aspirations are larger than our purse.'¹⁰⁹

The new equipment orders and especially the improvements in Britain's out-of-area capabilities marginally qualified the government's belief that the Falklands War was an aberration. Improvements in out-of-area and intervention capabilities suggested a visible step away from the notion that Britain was strictly a regional power. These indicators were a source of hope among navalists that Britain could return to a more

¹⁰⁷ Ibid.

¹⁰⁸ John Nott, Hansard (21 Dec 1982), col. 849.

¹⁰⁹ John Nott, Hansard (21 Dec 1982), col. 847.

traditional maritime strategy.¹¹⁰ Despite changes in the equipment programme, however, the Falklands War did not change the government's view of basic defence priorities. The Soviet Union remained the principal threat and it was, according to Nott, 'here in Europe that we face the overwhelming preponderance of Soviet forces.'¹¹¹

Nott explained changes in previous defence plans, not on the basis of a greater need for out-of-area capability, but because the Falklands policy made them necessary and, primarily, because the weapons could also be used to improve Britain's defences closer to home.¹¹² One declared virtue of home defence was its indirect enhancement of all capabilities:

The defence of the United Kingdom base is the only part of our conventional distribution which is relevant to every possible defence policy option.¹¹³

Arguing for improved home defence Nott identified three principal threats facing the UK home base, all of which emanated from the Soviet Union: (i) Soviet supersonic aircraft and stand-off missiles made air defence of Britain the top priority; (ii) the risk of small groups of Soviet forces

¹¹⁰ George Richey, Britain's Strategic Role in NATO (London: Macmillan, 1986); Michael Chichester and John Wilkinson, British Defence: A Blueprint for Reform (London: Brassey's, 1987); See also Christopher Coker A Nation in Retreat?: Britain's Defence Commitment (London: Brassey's, 1986), pp. 64-75.

¹¹¹ John Nott, Hansard (21 Dec 1982), col. 847.

¹¹² John Nott, Hansard (21 Dec 1982), col. 852.

¹¹³ John Nott, Hansard (21 Dec 1982), col. 850.

targeting key points in the UK meant that the home defence force and territorial reserves should be improved; (iii) the ports and the Channel had to be protected from Soviet mining and conventional submarines, which required more trawlers for the Royal Naval Reserve, and improved mining and countermining capability.¹¹⁴

DEFENCE IN THE 1980S

Nott's successor as Secretary of State for Defence, Michael Heseltine, confirmed the basic policy outlined in the 1981 defence review as well as the direction of the programme following its post-Falklands modification. From early in his tenure Heseltine did not 'see any fundamental shifts in our national strategic priorities over the next five years.'¹¹⁵ He told a November 1983 conference on the future of British sea power that:

My time in the Ministry of Defence has convinced me that change was necessary and that the adjustments made in 1981 were on the right lines. There have been further changes and adjustments since, notably as a result of the Falklands war. But the main thrust of the policy set out in the White Paper 'The Way Forward' is that which still determines

¹¹⁴ John Nott, Hansard (21 Dec 1982), cols. 851-2.

¹¹⁵ Michael Heseltine, 'The United Kingdom's Strategic Interests and Priorities,' RUSI Journal Vol. 128, No. 4 (December 1983) p. 4.

our policy today.¹¹⁶

It was partly his confidence in the basic direction of defence policy that enabled Heseltine, after confronting the Campaign for Nuclear Disarmament (CND) over the deployment of US nuclear cruise missiles in Britain, to focus his energies on management, an area in which he had already established a reputation as an innovator.

While economic factors continued to impose constraints throughout the 1980s no further fundamental reviews were undertaken until the end of the Cold War provided both a strategic and political rationale for change. Government reluctance to reassess priorities was so firm as to prompt criticism from many who believed that marginal programme adjustments were having a negative impact not offset by the benefits in terms of strategic coherence that a full-scale defence review could provide. A 1984 report by the Defence Committee concluded: 'We are told that there is no immediate need for a major defence review; but we fear that the cumulative effect of managing the defence budget in the manner endorsed in [the 1985 Defence] White Paper may result in defence review by stealth.'¹¹⁷ Yet the government repeatedly

¹¹⁶ Michael Heseltine, 'Priorities in British Defence Policy,' in Geoffrey Till, (ed), The Future of British Sea Power (London: Macmillan, 1984), p. 5.

¹¹⁷ Third Report from the Defence Committee, 1984-85, Defence Commitments and Resources and the Defence Estimates, 1985-86, (HC 37-I), para 107. Emphasis added; See also David Greenwood, 'Managing the Defence Programme and Budget,' Three Banks Review (June 1984).

denied a review was necessary, arguing that 'progressive adjustments' could be taken on a less formal basis.¹¹⁸

Calls for a review were not all motivated by a rejection of government defence policy. While Labour remained opposed to nuclear weapons until its policy review of 1989 opinion within the Conservative Party converged, creating a general consensus, though with some elements continuing to argue for increased attention on the Navy's out-of-area role. Following the 1981 review the Defence Committee closely monitored the size and role of the Royal Navy's surface fleet in successive reports. The extent to which the acrimony of 1981 had developed into a basic consensus was reflected in the Committee's 1987 report on Implementing the Lessons of the Falklands Campaign. The Committee accepted that special features of the campaign hindered its relevance for defence policy, and praised the objectivity of the official government analysis, while recommending that Britain maintain the ability to sustain a substantial out-of-area capability.¹¹⁹

Calls for a review were motivated more by concern that the defence programme was seriously imbalanced and that ongoing financial pressures were resulting in cuts with little reference to defence priorities. Yet in the years leading up to the 1990-91 Options for Change exercise, undertaken once

¹¹⁸ Cmnd 9430-I, Statement on the Defence Estimates, 1985 (May 1985), p. 35.

¹¹⁹ HC 345-I, Implementing the Lessons, paras 13-18.

the Cold War had ended and the political and military situation in Europe was radically transformed, the closest the government came to accepting the need for review of some sort was Secretary of State for Defence George Younger's 1986 acknowledgement that 'difficult decisions' would have to be made.¹²⁰ However, the 1989 Defence Estimates three years later argued that while budgetary plans based on improved efficiency 'disposes of talk of the need for a defence review...the increases ha[d] not removed the need for decisions to be made between priorities.'¹²¹ There could have been no clearer indication that the government was ready to choose between defence priorities without conducting a defence review.

CONCLUSION

Modifying the defence review in the wake of the Falklands War restored as much consensus over Britain's conventional defences as could be reasonably expected in a period of serious economic constraint. Many proponents of naval power were not satisfied, but neither did they remain bitterly opposed to the review. According to Admiral Leach, 'The Falklands War corrected the imbalance between the

¹²⁰ Cmnd 9763-I, Statement on the Defence Estimates, 1986, para 503.

¹²¹ Cm 675-I, Statement on the Defence Estimates, 1989 (May 1989), paras 503-4.

services...The Royal Navy got back about two-thirds of what would have been cut.'¹²² In addition to the infusion of resources from the Treasury, the RAF lost much of the additional funding that had been outlined in the Bermudagram and formally secured as a result of the 1981 review.¹²³ Nott acknowledged that between the services 'There wasn't a consensus. There never will be. The argument of the Navy always would be the blue-water argument: "This is what the Navy is for, nothing rational ever happens in this life and the Falklands War was proof that you have to have a large surface fleet."¹²⁴ While the services can never contentedly watch defence resources decline in real terms over the long-term, the short-term increase in defence spending following the Falklands War did take the edge off of the dispute between Nott and Conservative back benchers.

Nevertheless, the more vocal proponents of naval power were not satisfied nor did the Opposition warm to government policy. A member of the British Maritime League, formed shortly before the Falklands War to protect Navy interests, said of the White Paper that

The Government is making good the immediate losses and weapon deficiencies revealed in the Falklands campaign but there is no change in strategy and no appreciation of the needs of this country for

¹²² Interview with Admiral of the Fleet Sir Henry Leach, 1 July 1991.

¹²³ Interview with Colin Humphrey, 13 June 1991.

¹²⁴ Interview with Sir John Nott, 19 November 1991.

maritime strategy.¹²⁴

The Labour Party Defence Spokesman, John Silkin, maintained that the Trident commitment would weaken the conventional Navy and declared 'there still seems to be no maritime out-of-area capability in this White Paper.'¹²⁵ Significantly, however, in the December debates on the White Paper and on the Falklands campaign, little was heard from the more outspoken Conservative critics of government policy. Nott had not satisfied those Conservatives disagreeing with his assessment of defence priorities, but in the words of Keith Speed, 'the White Paper that was presented last week is a considerable improvement on last year's.'¹²⁶

In the process of implementing the defence review Nott had antagonised the defence industry, the Treasury, Conservative back benchers and the military, especially the Navy. Nott may also have lost standing with the Prime Minister, though not so much that she would not support him. The Falklands War made implementing the defence review politically impossible and in its aftermath significant modifications were made, though not to the government's fundamental assessment of defence priorities. The war also eased pressures on the defence budget. The influx of Treasury

¹²⁴ Admiral Sir Anthony Griffith quoted in J. Haviland, Times (15 Dec 1982); On the British Maritime League see D. Nicholson-Lord, Times (21 May 1982).

¹²⁵ John Silkin, Hansard (14 Dec 1982), col. 130.

¹²⁶ Keith Speed, Hansard (21 Dec 1982), col. 863.

money and diminution of 1982 budgetary pressures on the MoD ameliorated the defence dilemma in the short term, but although long-term pressures remained the government refused to undertake another fundamental review.

CHAPTER TEN

Conclusion

The political and economic imperatives underlying British defence policy in 1981 fundamentally altered the nature of the decision-making process. The Ministry of Defence had been subject to gradual evolution since its creation, but radical change, both in policy and the structure of the ministry, had been successfully resisted on numerous occasions. When changes affecting the balance of civilian and military input into defence planning came about they were the result of a process initiated with the 1963 reorganisation of the ministry. Yet the nature of this shift was no less significant for being gradual. The priorities translated into policy in 1981 reflected the notion of a 'defence view' as a concept in which political and economic factors were given at least equal consideration as military calculations. Ultimately the role of the Ministry of Defence as an instrument not only of defence policy, but of economic and foreign policy as well, necessitated changes in its structure.

Emphasis on the political content of Britain's defence policy to maximise the benefits of diminishing military capabilities has been a constant preoccupation in postwar Britain. By the 1960s conflicting economic and technological developments raised the prospect that in attempting to maintain a broad spectrum of military

capabilities Britain would instead become a marginal military power. Conforming defence policy to postwar political and economic constraints -- the underlying motivation for defence reviews -- taxed existing arrangements for the development of strategic concepts. This process of adjustment threatened service priorities while advice on the size and shape of the armed forces remained a service responsibility. The dependence of the military on tri-service consensus made a unified military view of priorities virtually impossible to achieve.

The shifting balance of civil-military influence on defence plans ultimately was the result of Britain's painful process of adjustment to the status of a secondary power, albeit one with unique global associations. Embracing NATO orthodoxy, including the rationalisation of British forces within NATO, strengthened the link between foreign and defence policy while enabling economies. The 1981 review was thus a logical outgrowth of policies designed to maximise the political benefits of maintaining armed forces. However, it also highlighted the disparity within the ministry between formal authority and practical influence. The political objectives of government policy inhibited the Chiefs of Staff from exercising their authority over strategic concepts. The discrepancy between the central staffs' ability to articulate a defence view specifying relative priorities and the Chiefs of Staff's responsibility for defence plans was revealed at a critical moment. Unable to establish defence priorities at a time

when the Prime Minister's consolidation of authority within her own government was synonymous with economic discipline, the Chiefs' lost their traditional role in defence planning.

Service staffs had long produced most of the work on which a Chiefs of Staff Committee consensus could be established. Analyses in which service interests received considerable emphasis thus defined the boundaries of consensus on defence priorities. The Chiefs' dependence on consensus, combined with the structure of the Chiefs of Staff Committee and divergent service interests, resulted in a vacuum of advice at the very top of the military hierarchy. As a result, government foreign and economic policies were not well served by plans originating with the Chiefs of Staff. Civilians charged with providing broader policy advice were more capable of addressing the concerns of ministers.

The 1970s proved a critical decade for the Chiefs of Staff Committee, which sought unity through compromise in the face of growing economic pressures. By 1980 practical influence over defence plans had already shifted decisively in favour of the central staffs just as, according to Pym, influence on ministries had shifted decisively in favour of the Prime Minister.¹ Changes in the ministry and their consequences for civil-military relations must therefore be seen in the context of the larger process of centralization

¹ Francis Pym, The Politics of Consent (London: Hamish Hamilton, 1984), p. 17.

within government as a whole.

The key priorities at work in British government are those held by Cabinet or its most important members. Policy coherence at the Cabinet level is dependent to a large extent on the degree of advance co-ordination between ministries. Civil servants, responsible for this co-ordination as well as for advice on the balance between political and economic imperatives -- but not for defence plans -- were inclined to favour NATO orthodoxy. Not only did structuring the armed forces in the context of alliance maximise the value of a diminishing scale of armed forces, but NATO also constituted the core overseas commitment, which officials in other ministries, notably the Treasury and Foreign Office, agreed was essential. Enhanced central input into policy formation rendered reform of the triangular relationship between the MoD and the economic and overseas departments unnecessary. It was also easier to achieve as a result of the Chiefs of Staffs Committee's loss of credibility as the forum for defence planning.

Central staffs were less constrained in their ability to provide planning alternatives suiting government policies. Unlike the Chiefs, central civilians could promptly and efficiently produce a coherent view of priorities based primarily on political and economic considerations, the traditional civil service expertise. The risk was that inadequate military input would diminish the quality of plans since these would, after all, define the range of military options. For this reason cooperation

with the central defence staffs was essential to the development of a 'defence view', a coherent statement of defence priorities taking account of economic and political as well as military objectives.

Central defence staffs, tasked with taking an overall view of defence priorities and therefore endeavouring to set aside service loyalties, also gravitated toward strategic concepts in which political and economic rationales were paramount since these provided alternative guidance to resource allocation solely on the basis of service priorities. Despite anomalies in the structure of the ministry the central defence staffs were the natural partners of the central civilians. Together, the central staffs were the logical source for the elusive 'defence view.'

Growing civilian influence was thus not the product of civil service self-aggrandizement, but resulted from the nature of the problems faced, and the structure and prevailing distribution of responsibility within the ministry. When the centres of corporate influence in the MoD -- central civilians, services, scientific staffs, and central military -- could not agree on priorities, the civilian central staffs turned to the central defence staffs to collaborate on the development of a defence view. They were supported in this exercise by the scientific staffs, whose operational analyses complemented political and economic rationales for reducing the Navy. In 1981 cooperation in the centre -- and between the centre and

other ministries on the one hand, and with the services on the other -- was the basis of defence planning more than on any previous occasion.

Nor was the 1981 defence review the crusade of an angry minister harbouring animus toward the Navy. Central staffs drafted the Bermudagram. Nott knew what was in it and approved, not out of malice, but because he accepted widely held arguments that the fleet could be cut. The extent to which this view was shared by key officials reflected the potential influence of operational analyses on the decision-making process. As the 'customer' of operational research the services could bring analyses to a halt, modify their assumptions, or present alternative views. They could not, however, prevent basic conclusions from having an impact on the thinking of key advisers. However, the unique ability of scientific staff to challenge service assumptions, technical and otherwise, also rendered them highly vulnerable in the wake of the review.

The relationship of the CSA and DOAE to the services depended on close co-operation and had been difficult from the beginning. While the 1981 review and 1982 reorganisation consolidated the influence of the central staffs, the Falklands War left the scientific staffs exposed to serious criticism. Operational analyses can only be as good as the assumptions on which they are based. Consequently, they are most useful in exploring narrowly defined problems, not in overall resource allocation. They

are also incapable of incorporating intangibles, such as political pressures or morale. The close association of the CSA and DOAE with decisions to cut the surface fleet shortly before the Falklands campaign aroused concern that scientific studies played a disproportionate role in ministry decision-making. In particular, some in the military and parliament feared that scientific analysis had oversimplified the nature of defence planning problems, facilitating Nott's ability to impose damaging cuts. These concerns were not unrelated to the 1984 decision to downgrade the authority of the CSA. Designated in 1963 as one of the ministry's three principal advisers, along with the PUS and CDS, in 1984 the CSA was deprived of the right of direct access to the Secretary of State.

The decision to cut the Navy undoubtedly was viewed by Nott as the least damaging way to achieve savings in the defence programme. Indeed, the Royal Navy had proven highly vulnerable in successive defence reviews. In 1952 the Navy depended on the concept of 'broken-backed' warfare. By 1957 Duncan Sandys had concluded that the future role of naval forces was 'somewhat uncertain.' Ten years later Denis Healey eliminated carriers and planned Britain's withdrawal from East of Suez. In 1974 Roy Mason planned Britain's withdrawal from the Mediterranean. The Nott review cut the Royal Navy further, both reducing its infrastructure and restructuring its general purpose equipment programme to specialise on ASW in the East Atlantic. The Royal Navy's vulnerability to cost-cutting

exercises was due largely to the contraction of Britain's global interests, which by the 1970s even the Conservative Party had accepted as inevitable. Scientific recommendations may have been overstated, but they nevertheless accorded with prevailing political and economic analyses. Although the war altered the government's Falklands policy, and made possible modifications to the defence review, the political and economic logic underlying the review was not changed nor was basic defence policy.

Cutting the Navy was not a natural or easy task for a Conservative Government, whose interest in out-of-area capabilities reflected its adherence to elements of Britain's traditional national strategy. Out-of-area operations constituted a surrogate for empire: a global role within a NATO context. Yet the government had little prospect of reconciling this strategy with NATO membership as long as out-of-area involvement remained controversial within the alliance. Financially, Britain could not significantly enhance out-of-area capabilities while maintaining its existing contribution to the defence of Europe. Faced with such a choice the only realistic option for out-of-area forces remained the residual ability rapidly to deploy existing light ground forces by air rather than preserving large numbers of frigates. Given resource constraints the out-of-area role was not one around which the Navy programme could be configured. The inability to develop large-scale out-of-area forces was

thus a product of Britain's acceptance of NATO orthodoxy.

Accepting NATO orthodoxy demonstrated the link between policy reappraisals and defence organisation. It was the Navy's natural resistance to a review imposing disproportionate cuts on its programme that stymied the ability of the Chiefs to act in unison. The Navy did everything it could to resist the cuts proposed during the review. They came up, however, against the direct authority of the Secretary of State. Retaining the support of the Prime Minister and the parliamentary party -- and often the two go together -- the Secretary of State has little difficulty imposing his will. The gradual weakening of the Parliamentary Under Secretaries of State for the individual services enhanced this ability. Although continuing to enjoy Cabinet rank when the position of Defence Minister was created along with the ministry in 1947, as centralisation continued their influence waned along with that of the services. Keith Speed's public protest -- unthinkable a few decades earlier -- was most significant in demonstrating the extent to which authority had been concentrated at the top.

The growing capabilities of the central civilian staff offered the Secretary of State an alternative to reliance on the advice of junior ministers or the services. Nott exercised his authority principally through the central staffs, in contrast to previous defence reviews. Duncan Sandys had personally drafted The Outline of Future Policy. The Healey White Paper circulated freely within the MoD

before publication. The 1974 review was agreed by the Chiefs of Staff. In the face of Nott's ability to make hard defence choices, survive a ministerial crisis and maintain the strong support of the Prime Minister the Admiralty Board could do little more than mitigate the worst effects of the review.

Suspicion that Trident had brought about the defence review mirrored both public controversy surrounding the Polaris replacement decision and the Navy's dissatisfaction at its declining control over its budget. Senior naval officers approved of the Trident purchase though they criticised the decision to include it in the Navy budget. Due to Trident's inclusion the extent of the surface fleet's contraction was not fully reflected in the reduction of the Navy's percentage share of the defence budget. Nevertheless, this programming decision was less significant than the political, strategic and general economic rationales for such a contraction. Trident was a high priority item and consumed Navy resources but the reasoning behind the naval cuts was not elaborated merely to obscure a trade off between the missile and the surface fleet. Had Trident not been purchased or not been placed in the Navy programme the Navy's budget may have declined even further. Most importantly, the incidence of expenditure on Trident, particularly after the D5 decision -- which Nott anticipated as early as 1981 even though it was not formally made until 1982 -- peaked not in the mid-1980s, from which period planned expenditure was reduced,

but in the late 1980s and early 1990s.

The nature of Nott's 1981 decisions for the defence programme were radical -- disproportionate cuts on one service have never been the norm -- but they were also in trend with the evolution of basic British defence policy. Nott's strategic approach to defence priorities, in which he related military and political requirements to elements in the defence programme irrespective of the impact on service interests, laid the groundwork for an outlook on defence in which capabilities were paramount. Service interests had to be seen in the context of overall defence interests and defence was one element of a triad of problems -- external relations, economic health, and strategic requirements.

Nott's strategic approach to defence planning, laudable in its intent if not universally welcome in content, had significant consequences not only for the decision-making process but for policy as well. Having taken account primarily of international and economic considerations during the conduct of the review, following the Falklands War, the government focused on domestic political concerns for the defence effort. This did not result in a reordering of defence priorities, which remained as stated in the 1981 white paper and the 1982 supplement modifying it. However, the government's experience in 1981-82 directly contributed to its unwillingness to conduct another defence review during the 1980s, despite the continuation of financial pressures.

Without the ability to point to problems inherited from a previous government the risk of recrimination within the Conservative Party appeared too great to reopen the debate over basic defence policy. When a reassessment became necessary due to political and strategic developments in Europe at the end of the decade the government denied it was conducting a review, insisting that it was an exercise outlining the options for change.

The most enduring legacy of the 1981 defence review is the watershed change it brought about in the balance of civil-military influence over defence policy. The fundamental shift in the nature of ministry decision-making which culminated in 1981 and was consolidated in 1984 will continue to have an important impact on defence planning exercises unless and until the growing accountability -- financial and operational -- of ministry outstations or military commanders reaches the point at which centralised authority must take greater account of views at the periphery.

BIBLIOGRAPHY

I. Primary Material

A. Unpublished

(i) Government Documents

a. Cabinet Papers

CAB 128/15 C.M. (49) 6th Conclusions, Defence Estimates, 24 January 1949.

CAB 128/25 C.C. (152) 94, Defence Programme, 7 November 1952.

CAB 129/53 C (52) 202, British Overseas Obligations: Memorandum by the Secretary of State for Foreign Affairs, 18 June 1952.

CAB 129/54 C (52) 253 The Defence Programme: Memorandum by the Minister of Defence, 22 July 1952.

CAB 129/55, C. (52) 316, The Defence Programme: Memorandum by the Minister of Defence, 3 October 1952.

CAB 129/69 C(54)250, Report by the Committee on Defence Policy, 24 July 1954.

CAB 129/71 C(54) 329, Defence Policy: Note by the Prime Minister, 3 November 1954.

CAB 130/77, GEN 411/1, Defence and Economic Policy, 18 June 1952.

CAB 130/77, GEN 411/20, The Cost of Defence in Global Strategy: Memorandum by the Chancellor of the Exchequer, 19 July 1952.

CAB 131/5 D.O. (47) 20, Defence Requirements, 18 Sept 1947.

CAB 131/5 D.O. (47) 22, Defence Requirements, 29 Sept 1947.

CAB 131/5 D.O. (48) 2, Size and Shape of the Armed Forces, 8 January 1948.

CAB 131/5 D.O. (48) 3, Size and Shape of the Armed Forces, 14 January 1948.

CAB 131/8 D.O. (49) 19, Size and Shape of the Armed Forces 1950-53, 19 October 1949.

CAB 131/8 D.O. (50) 1, Service Production Programmes 1950-51, 9 Jan 1950.

CAB 131/8 D.O. (50) 19, Size and Shape of the Armed Forces, 16 October 1950.

CAB 131/10 D.O. (51) 1, Acceleration of Defence Preparations, 23 January 1951.

CAB 131/12 D (52) 41, The Defence Programme: Report by the Chiefs of Staff, 9 September 1952.

CAB 131/12 D.(52) 41, The Defence Programme: Report by the Chiefs of Staff, 29 September 1952.

CAB 134/1935, F.P. (B) (59) 22, United Kingdom Resources for Defence 1960-1970, 31 July 1959.

CAB 134/1935 Study of Future Policy for 1960-1970.

b. Ministry of Defence Papers

DEFE 4/59 C.O.S. (53) 11th meeting, 23 Jan 1953.

DEFE 5/68 COS(56)219, Long Term Defence Review, 7 June 1956.

DEFE 6/20, JP (52) 17, Review of Defence Policy and Global Strategy, 7 February 1952.

DEFE 7/676, Urgent Economic Problems

DEFE 7/677 Defence Programmes to 1953-56, document 2.

DEFE 7/677 Defence Programmes to 1953-56, document 3.

DEFE 7/677 COS (52) 109, 29 July 1952.

DEFE 7/677 CAS 1531, 26 July 1952.

DEFE 7/677, document 13, Memorandum from Alexander to J.P.L. Thomas, 6 August 1952.

DEFE 13/72 letter from the Chancellor to the Minister of Defence, 9 March 1955.

DEFE 13/72 letter from the Minister of Defence to the Chancellor, 18 March 1955.

DEFE 13/72 Extract from SM(55)4, 4 May 1955,

DEFE 13/72 Personal Letter from the Secretary of State for War to the Minister of Defence, 7 July 1955.

DEFE 13/72 Personal Letter to Selwyn Lloyd from Nigel Birch, 19 July 1955.

DEFE 13/72 COS(55)60, Long Term Defence Programme, 22 July 1955.

DEFE 13/72 Draft Minute to Service Ministers and Ministry of Supply, 2 August 1955.

(ii) Interviews and Correspondence

a. United Kingdom

Interview with Marshal of the RAF Sir Michael Beetham, GCB, CBE, DFC, AFC, DL, FRAeS, 21 October 1991, South Creak, England.

Chief of the Air Staff, 1977-82

Interview with The Rt. Hon. Sir Peter Blaker, KCMG, PC, MA, MP, 4 June 1991, London, England.

Minister of State (Armed Forces), MoD, 1981-83

Interview with Lt. General Sir Derek Boorman, KCB, 8 January 1992, London, England.

Director Military Operations, 1978-82

Interview with Field Marshal Lord Edwin Bramall, KG, GCB, OBE, MC, 15 October 1991, London, England.

Chief of the General Staff, 1979-82; Chief of Defence Staff, 1982-85

Interview with The Rt. Hon. Sir Antony Buck, Kt, QC, MP, 13 January 1992, London, England.

Parliamentary Under Secretary of State (Navy), 1972-74; Chairman Conservative Back Bench Defence Committee, 1979-89

Interview with Sir James Cable, KCVO, CMG, 3 December 1991, Cambridge, England.

Head Planning Staff, Foreign and Commonwealth Office, 1971-75

Interview with Sir Frank Cooper, GCB, CMG, PC, 24 April 1991, London, England.

Permanent Under Secretary, MoD, 1976-82

Interview with Sir Clifford Cornford, KCB, 23 July 1991, Liphook, England.

Chief of Defence Procurement, 1977-80

Interview with Admiral Sir James Eberle, GCB, 10 July 1991, London, England.

Commander in Chief Fleet and Allied Commander in Chief Channel & Commander in Chief East Atlantic, 1979-81; Commander in Chief Home, 1981-82

Interview with Admiral of the Fleet Lord John D.E. Fieldhouse, GCB, GBE, 24 July 1991, Lee-on-Solent, England.

Commander in Chief Fleet, 1981-82; Chief of Naval Staff and First Sea Lord, 1982-85; Chief of Defence Staff, 1985-88

Interview with Air Chief Marshal Sir Joseph Gilbert, KCB, CBE, 6 December 1991, London, England.

Assistant Chief of Defence Staff (Policy), 1980-82

Telephone interview with Sir Nicholas Henderson, GCMG, KCVO, 23 May 1991.

Ambassador to Washington, 1979-82

Interview with Admiral of the Fleet Lord Peter Hill-Norton, GCB, 24 July 1991, London, England.

Assistant Chief of the Naval Staff, 1962-64; Chief of the Naval Staff and First Sea Lord, 1970-71; Chief of Defence Staff, 1971-73

Interview with Air Chief Marshal Sir Patrick Hine, GCB, GBE, 27 November 1991, London, England.

Assistant Chief of the Air Staff, (Policy), 1979-83

Interview with General Sir Patrick Howard-Dobson, GCB, 31 October 1991, London, England.

Vice Chief of Defence Staff (Personnel & Logistics), 1979-81

Interview with D. Colin Humphreys, CMG, 13 June 1991, Virginia Water, England.

Assistant Secretary General (Defence Planning and Policy), NATO, 1977-78; Deputy Under Secretary (Air), 1979-85

Interview with Alistair R.M. Jaffray, CB, 14 June 1991, Farnham, England.

Deputy Under Secretary (Personnel and Logistics), 1975-81

Interview with Lt. General Sir Maurice Johnston, KCB, OBE, DL, 16 October 1991, London, England.

Deputy Chief of Defence Staff (Operational Requirements), 1981-82

Interview with Admiral of the Fleet Sir Henry Leach, GCB, 1 July 1991, Wonston, England.

Chief of Naval Staff and First Sea Lord, 1979-82

Interview with Admiral of the Fleet Lord Terence Lewin, KG, GCB, LVO, DSC, 13 August 1991, London, England.

Chief of Naval Staff and First Sea Lord, 1977-79;
Chief of Defence Staff, 1979-82

Interview with Professor Sir Ronald Mason, KCB, FRS, 4 July 1991, London, England.

Chief Scientific Adviser, 1977-83

Interview with the Rt. Hon. Sir John Nott, KCB, PC, 19 November 1991, London, England.

Secretary of State for Defence, 1981-83

Interview with Sir Leo Pliatzky, KCB, 26 November 1991, London, England.

Deputy Secretary, Treasury, 1971-75; Second Permanent Under Secretary, Treasury, 1976

Interview with A. Alan Pritchard, CB, JP, 18 June 1991, Fordingbridge, England.

Deputy Under Secretary (Royal Navy), 1978-81

Interview with Lord Francis Pym, PC, MC, DL, 11 June 1991, London, England.

Secretary of State for Defence, 1979-80

Letter from His Excellency Admiral Sir Derek Reffell, KCB, 29 January 1992

Assistant Chief of the Naval Staff (Policy), 1979-82

Interview with Brian Robson, CB, 6 November 1991, London, England.

Assistant Under Secretary (Operational Requirements), 1980-82

Interview with The Rt. Hon. Keith Speed, RD, MP, 21 May 1991, London, England.

Parliamentary Under Secretary (Royal Navy), 1979-81

Interview with Lord Strathcona and Mount Royal, 1 October 1991, London, England.

Minister of State for Defence, 1979-81

b. United States

Telephone interview with Harold Brown, 25 January 1991

Secretary of Defense, 1976-80

Telephone interview with Robert Komer, 9 January 1991

Adviser to the Secretary of Defense for NATO Affairs,
1977-79; Undersecretary of Defense (Policy), 1979-81

Telephone interview with Richard Perle, 30 March 1991

Assistant Secretary of Defense (International
Security Policy), 1981-87

Telephone interview with William Perry, 1 April 1991.

Undersecretary of Defense for Research and
Engineering, 1977-81

Interview with Dean Rusk, 16 February 1990, Athens,
Georgia.

Secretary of State, 1961-69

Telephone interview with Walter Slocombe, 10 January 1991.

Deputy Under Secretary for Policy Planning, 1979-81

Interview with Admiral Harry D. Train, 4 January 1991,
Norfolk Virginia.

Supreme Allied Commander Atlantic, 1978-82

Telephone interview with Caspar Weinberger, Hon. GBE, 9
January 1991

Secretary of Defense, 1981-87

B. Published

(i) British Government Publications

a. Command Papers

Cmnd 6743, Statement Relating to Defence Policy, (February
1946).

Cmnd 6923, Central Organisation for Defence (October 1946).

- Cmnd 124, Defence: Outline of Future Policy (April 1957).
- Cmnd 476, Central Organisation for Defence (July 1958).
- Cmnd 1432, Report on the Control of Public Expenditure (July 1961).
- Cmnd 1639, Statement on Defence, 1962: The Next Five Years (February 1962).
- Cmnd 2097, Central Organisation for Defence (July 1963).
- Cmnd 2108, Polaris Sales Agreement (August 1963).
- Cmnd 2592, Statement on the Defence Estimates, 1965 (February 1965).
- Cmnd 2901, Statement on the Defence Estimates, 1966: part I. The Defence Review (February 1966).
- Cmnd 3357, Supplementary Statement on Defence Policy (July 1967).
- Cmnd 4521, Supplementary Statement on Defence Policy, 1970 (October 1970).
- Cmnd 4641, Government Organisation for Defence Procurement and Civil Aerospace (April 1971).
- Cmnd 5178, Public Expenditure to 1976-77 (December 1972).
- Cmnd 5976, Statement on the Defence Estimates, 1975 (March 1975).
- Cmnd 6151, The Attack on Inflation (July 1975).
- Cmnd 6440, Cash Limits on Public Expenditure (April 1976).
- Cmnd 6721-I, The Government's Expenditure Plans (January 1977).
- Cmnd 6735, Statement on the Defence Estimates, 1977 (February 1977).
- Cmnd 6970, Exchange of Notes for Offsetting the Foreign Exchange Expenditure on British Forces in the Federal Republic of Germany (October 1970).
- Cmnd 7099, Statement on the Defence Estimates, 1978 (February 1978).
- Cmnd 7474, Statement on the Defence Estimates, 1979 (February 1979).
- Cmnd 7826-I&II, Statement on the Defence Estimates, 1980 (April 1980).

Cmnd 7841, The Government's Expenditure Plans, 1980-81 to 1983-84, (March 1980).

Cmnd 7979, The British Strategic Nuclear Force (July 1980).

Cmnd 8212-I&II, Statement on the Defence Estimates, 1981, (April 1981).

Cmnd 8288, The United Kingdom's Defence Programme: The Way Forward (June 1981).

Cmnd 8517, The British Strategic Nuclear Force (March 1982).

Cmnd 8529, Statement on the Defence Estimates, 1982 (undated).

Cmnd 8758, The Falklands Campaign: The Lessons (December 1982).

Cmnd 8787, The Falklands Islands Review: Report of a Committee of Privy Counsellors (January 1983).

Cm 443, The Future Size and Role of the Royal Navy's Surface Fleet: Government Response to the Sixth Report from the Defence Committee Session 1987-88, HC 309 (July 1988).

b. Ministry of Defence

Ministry of Defence, The Future of the United Kingdom's Strategic Deterrent Force, Defence Open Government Document 80/23 (July 1980).

Ministry of Defence, The Study of the Control of Expenditure, 1981, Defence Open Government Document 81/01 (November 1981).

Ministry of Defence, The United Kingdom Trident Programme Defence Open Government Document 82/1, (March 1982).

Ministry of Defence, MINIS and the Development of the Organisation for Defence, Defence Open Government Document 84/03, (March 1984)

(ii) Parliamentary Papers

a. Expenditure Committee

Second Report from the Expenditure Committee, 1971-72, (HC 141), 10 February 1972.

Second Report from the Expenditure Committee, 1974-75, The Defence Review Proposals (HC 259), 6 March 1975.

Second Report from the Expenditure Committee, 1975-76, Defence (HC 155), 26 January 1976.

Fourth Report of the Select Committee on Expenditure, 1976-77, White Paper on Government's Expenditure Plans (HC 258), 15 March 1977.

Select Committee on Expenditure, 1976-77, The Cumulative Effect of Cuts in Defence Expenditure (HC 254), 10 March 1977.

Tenth Report from the Expenditure Committee, 1977-78, British Forces Germany (HC 563-II), 29 June 1978.

14th Report of the Expenditure Committee, 1977-78, Financial Accountability to Parliament (HC 661), 27 July 1978.

Expenditure Committee, 1977-78, Minutes of Evidence (HC 24-i), 8 November 1977.

Sixth Report from the Expenditure Committee, 1978-79, The Future of the United Kingdom's Nuclear Weapons Policy (HC 348), 3 April 1979.

b. Defence Committee

Second Report from the Defence Committee, 1979-80, Statement on the Defence Estimates, 1980 (HC 571), 23 April 1980.

Defence Committee Minutes of Evidence, 1980-81, Defence Cuts and Defence Estimates (HC 223), 11 and 18 March 1981,.

Second Report from the Defence Committee, 1980-81, Statement on the Defence Estimates, 1981 (HC 302), 12 May 1981.

Fourth Report from the Defence Committee, 1980-81, Strategic Nuclear Weapons Policy (HC 36), 20 May 1980.

Defence Committee, 1980-81, The Royal Dockyards and the Dockyards Study (HC 362), 15 July 1981.

First Special Report from the Defence Committee, 1981-82, Strategic Nuclear Weapons Policy (HC 266), 17 March 1982 and 21 April 1982.

Minutes of Evidence before the Defence Committee, 1981-82, Statement on the Defence Estimates, 1982 (HC 429), 24 June 1982.

Second Report from the Defence Committee, 1981-82, Ministry of Defence Organisation and Procurement (HC 22-I&II), 16 June 1982.

Fourth Report from the Defence Committee, 1982-83, Previous Recommendations of the Committee (HC 55), 12 May 1983.

Third Report from the Defence Committee, 1983-84, Ministry of Defence Reorganisation (HC 584), 15 October 1984.

Third Report from the Defence Committee, 1984-85, Defence Commitments and Resources and the Defence Estimates, 1985-86 (HC 37-I&II&III), 23 May 1985.

Fourth Report from the Defence Committee, 1985-86, Westland, plc: The Government's Decision-Making (HC 519), 23 July 1986.

Fourth Report from the Defence Committee, 1986-87, Implementing the Lessons of the Falklands Campaign (HC 345-I&II), 6 May 1987.

Sixth Report from the Defence Committee, 1987-88, The Future Size and Role of the Royal Navy's Surface Fleet (HC 309), 21 June 1988.

Sixth Report from the Defence Committee, 1988-89, The Royal Navy's Surface Fleet: Current Issues (HC 419), 21 June 1989.

Tenth Report from the Defence Committee, 1989-90, Defense Implications of Recent Events (HC 320), 11 July 1990.

c. Public Accounts Committee

Fourth Report from the Committee of Public Accounts, 1976-77, (HC 304), 6 April 1977.

Fourth Report from the Committee of Public Accounts, 1977-78, Supply Estimates and Cash Limits (HC 299), 22 May 1978.

27th Report from the Public Accounts Committee, 1979-80, (HC 766), 31 July 1980.

Third Report from the Committee of Public Accounts, 1980-81, Matters Relating to the Ministry of Defence (HC 125), 30 April 1981.

Ninth Report from the Committee of Public Accounts, 1981-82, Ministry of Defence: Chevaline Improvement to the Polaris Missile system (HC 269), 17 March 1982.

(iii) NATO Publications

'Ministerial Guidance - 1977' reprinted in NATO Review (June 1977).

Defence Planning Committee, Final Communiqué 8 December 1977.

Defence Planning Committee, Proposed Reduction of United Kingdom Defence Expenditure for 1978/79 Press Release (77) 13, (16 September 1977).

'The Long-Term Defence Programme -- A Summary,' in NATO Review (June 1978).

North Atlantic Council, Final Communiqué, 31 May 1978.

Defence Planning Committee, Final Communiqué M-DPC-2 (80) 27, (10 December 1980).

(iv) Memoirs

Barnett, Joel, Inside the Treasury (London: Deutsch, 1982).

Callaghan, James, Time and Chance (London: Collins, 1987).

Cameron, Lord, In the Midst of Things: The Autobiography of Lord Cameron of Balhousie (London: Hodder & Stoughton, 1986).

Carrington, Lord, Reflect on Things Past (London: Collins, 1988).

Carver, Michael, Out of Step: The Memoirs of Field Marshal Lord Carver (London: Hutchinson, 1989).

Healey, Denis, The Time of My Life (London: Michael Joseph, 1989).

Mayhew, Christopher, Britain's Role Tomorrow (London: Hutchinson, 1967).

Pym, Francis, The Politics of Consent (London: Hamish Hamilton, 1984).

Speed, Keith, Sea Change: The Battle for the Falklands and the Future of Britain's Navy (Bath: Ashgrove Press, 1982).

Woodward, Admiral Sandy, One Hundred Days: The Memoirs of the Falklands Battle Group Commander (London: Harper Collins, 1992).

II. Secondary Material

A. Books and Monographs

Bartlett, C.J., The Long Retreat (London: Macmillan, 1977).

Baylis, John, (ed), British Defence Policy: Striking the Right Balance (London: Macmillan, 1989).

Baylis, John, (ed), Anglo-American Defence Relations, 1939-1984: The Special Relationship (London: Macmillan, 1984).

Baylis, John, (ed), Alternative Approaches to British Defence Policy (London: Macmillan, 1983).

Baylis, John, (ed), British Defence Policy in a Changing World (London: Croom Helm, 1977).

Blunden, Margaret and Owen Green, (eds), Science and Mythology in the Making of Defence Policy (London: Brassey's, 1989).

Broadbent, Sir Ewen, The Military and Government: From Macmillan to Heseltine (London: Macmillan, 1988).

Burt, Richard, Defence Budgeting: The British and American Cases, Adelphi Paper no. 112 (Winter 1974-75).

Byrd, Peter, (ed), British Defence Policy: Thatcher and Beyond (London: Philip Allan, 1991).

Cable, James, Britain's Naval Future (Annapolis: Naval Institute Press, 1983).

Carver, Michael, Tightrope Walking: British Defence Policy Since 1945 (London: Hutchinson, 1992).

Carver, Michael, War Since 1945 (London: Weidenfield and Nicholson, 1980).

Charlton, Michael, The Little Platoon: Diplomacy and the Falklands Dispute (London: Basil Blackwell, 1989).

Chichester, Michael and John Wilkinson, The Uncertain Ally: British Defence Policy, 1960-90 (Aldershot: Gower, 1982).

Chichester, Michael and John Wilkinson, British Defence: A Blueprint for Reform (London: Brassey's, 1987).

Coker, Christopher, A Nation in Retreat? Britain's Defence Commitment (London: Brassey's, 1986).

Croft, Stuart, (ed), British Security Policy: The Thatcher

Years and the End of the Cold War (London: Harper Collins, 1991).

Crowe, William J., The Policy Roots of the Modern Royal Navy, 1946-1963 (Unpublished PhD Thesis, Princeton University, 1966).

Darby, Phillip, British Defence Policy East of Suez, 1947-1968 (London: Oxford University Press, 1973).

Dewar, Michael, Defence of the Nation (London: Arms & Armour Press, 1989).

Dockrill, Michael, British Defence Since 1945 (London: Basil Blackwell, 1988).

Edmonds, Martin, (ed), The Defence Equation: British Military Systems -- Policy, Planning and Performance Since 1945 (London: Brassey's, 1986).

Ethell, Jeffrey, and Alfred Price, Air War South Atlantic (London: Sidgwick & Jackson, 1983).

Freedman, Lawrence, Britain and Nuclear Weapons (London: Macmillan, 1980).

Freedman, Lawrence, Britain and the Falklands War (Oxford: Basil Blackwell, 1988).

Freedman, Lawrence and Virginia Gamba-Stonehouse, Signals of War: The Falklands Conflict of 1982 (London: Faber and Faber, 1990).

Freedman, Lawrence, (ed), Europe Transformed: Documents on the End of the Cold War (London: Tri-Service Press, 1990).

Greenwood, David, The Economics of 'The East of Suez Decision' Aberdeen Studies in Defence Economics No. 2, October 1973.

Greenwood, David, Reshaping Britain's Defences: An Evaluation of Mr. Nott's Way Forward for the United Kingdom, Aberdeen Studies in Defence Economics No. 19, Summer 1981.

Greenwood, David and J. Drake, The United Kingdom's Current Defence Programme and Budget Aberdeen Studies in Defence Economics No. 17, Spring 1980.

Greenwood, David, Budgeting for Defence (London: RUSI, 1972).

Grove, Eric, Vanguard to Trident: British Naval Policy Since World War Two (Annapolis: Naval Institute Press, 1987).

Heclo, Hugh, and Aaron Wildavsky, The Private Government of Public Money (London: Macmillan, second edition, 1974).

Hennessey, Peter, Whitehall (London: Fontana, 1989).

Hennessey, Peter, Cabinet (Oxford: Basil Blackwell, 1986)

Hobkirk, Michael, The Politics of Defence Budgeting (Washington, DC: National Defense University Press, 1983).

Howard, Michael Central Organisation for Defence (London: RUSI, 1970).

Howard, Michael, The Continental Commitment: The Dilemma of British Defence Policy in Two World Wars (London: Temple Smith, 1972).

Jackson, William, Britain's Defence Dilemma: An Inside View (London: B.T. Batsford, 1990).

Jackson, Bill, and Dwin Bramall, The Chiefs: The Story of the United Kingdom Chiefs of Staff (London: Brassey's, 1992).

Johnson, Franklyn, Defence by Ministry: The British Ministry of Defence, 1944-1974 (London: Duckworth, 1980).

Malone, Peter, The British Nuclear Deterrent (London: Croom Helm, 1984).

Martin, Laurence, (ed), The Management of Defence (London: Macmillan, 1976).

McInnes, Colin, Trident: the Only Option? (London: Brassey's, 1986).

McIntosh, Malcolm, Managing Britain's Defence (London: Macmillan, 1990).

Nailor, Peter and Jonathan Alford, The Future of Britain's Deterrent Force, Adelphi Paper No. 156 (1980).

Navias, Martin, Nuclear Weapons and British Strategic Planning, 1955-58 (Oxford: Clarendon Press, 1991).

Pliatzky, Leo, Getting and Spending: Public Expenditure, Employment and Inflation (Oxford: Basil Blackwell, revised edition, 1984).

Rosecrance, Richard, Defence of the Realm: British Strategy in the Nuclear Epoch (New York: Columbia University Press, 1968).

Seldon, Anthony F., The Churchill Government of 1951-55: A Study of Personalities and Policy-Making (Unpublished PhD thesis, LSE, 1981)

Smart, Ian, The Future of the British Nuclear Deterrent: Technical, Economic and Strategic Issues, Royal Institute of International Affairs, 1977).

Sweetman, John, (ed), Sword & Mace: Twentieth Century Civil-Military Relations in Britain (London: Brassey's, 1986).

Till, Geoffrey, (ed), The Future of British Seapower (London: Macmillan, 1984)

B. Articles

Baylis, John, 'Defence Decision-Making in Britain and the Determinants of Defence Policy,' RUSI Journal, Vol. 120, No. 1 (March 1975).

Bellini, James, 'BAOR: The Next Test for NATO?' RUSI Journal (June 1977).

Bramall, Field Marshal Sir Edwin, 'The Contribution of the Chiefs of Staff to UK Defence,' RUSI Journal (September 1986).

Brigstocke, Captain J.R., 'The LTC--Milestone or Millstone?' Seaford House Papers 1985 (Royal College of Defence Studies, 1985).

Carrington, Lord, 'British Defence Policy,' RUSI Journal (December 1970).

Cary, Sir Michael, 'Britain's Armed Forces After the Cuts,' RUSI Journal (March 1976).

Chalmers, Malcolm, 'Trident and Britain's Defence Programme,' Defense Analysis Vol. 1, No. 3 (1984).

Cooper, Sir Frank, 'Affordable Defence: In Search of a Strategy,' RUSI Journal (December 1985).

Cooper, 'Perhaps Minister: Political and Military Relations Today and in the Future,' RUSI Journal (March 1983).

Cooper, Frank, 'Long Range Defence Planning in the UK,' Long Range Planning Vol. 3 (December 1970).

Critchley, Julian, 'The Conservative Party and Defence,' NATO Review (June 1976).

Dobson, Alan, 'The Years of Transition: Anglo-American Relations, 1961-67,' Review of International Studies Vol. 16, No. 3 (July 1990).

Duxbury, Air Commodore, J.B., 'The Implication of Britain's Decision to Buy Trident,' Seaford House Papers 1981 (Royal College of Defence Studies, 1981).

Foot, Peter, 'The Rapid Deployment Force and NATO,' ADIU Report Vol. 3, No. 2 (March/April 1981).

Freedman, Lawrence, 'Britain's Contribution to NATO,' International Affairs (1978).

Freedman, Lawrence, 'Britain's Defence Policy,' in Edwin H. Fedder, (ed), Defence Policies of the Atlantic Alliance (New York: Praeger Publishers, 1980).

Freedman, Lawrence, 'Britain: The First Ex-Nuclear Power?' International Security (Fall 1981).

George, Bruce, and Simon Davis, 'Rapid Deployment and Reorganization: The Prospects for British Military Operations "Out of Area,"' Atlantic Community Quarterly (Fall 1987).

George, Bruce, and Karl Pierogastini, 'British Defence in the 1980s: What Price Trident?' International Security Review (Winter 1980/81).

Greenwood, David, 'The 1974 Defence Review in Perspective,' Survival Vol 17, No. 5 (September/October 1975).

Greenwood, David, 'Why Fewer Resources for Defence? -- Economics, Priorities and Threats,' Royal Air Forces Quarterly Vol. 14, No. 4 (Winter 1974).

Greenwood, David, 'NATO's Three Per Cent Colution,' Survival (November/ December 1981).

Hastie-Smith, Richard, 'The Tin-Wedding: A Study of the Evolution of the Ministry of Defence, 1964-70,' Seaford House Papers, 1974 (RCDS, 1974).

Hill-Norton, Admiral of the Fleet Sir Peter, 'NATO and the Warsaw Pact: The Balance,' NATO Review (February 1976).

Howard, Michael, 'Britain's Defenses: Commitments and Capabilities,' Foreign Affairs, Vol. 39, No. 1 (October 1960).

Johnston, Lt General Sir Maurice, 'More Power to the Centre: MoD Reorganisation,' RUSI Journal Vol. 128, No. 1 (March 1983).

Komer, Robert W., 'NATO's Long Term Defense Programme: The Origins and Objectives,' NATO Review (June 1978).

Lewin, Admiral Sir Terence, 'The Royal Navy -- Its Contribution to National and Western Defence,' RUSI Journal

(September 1976).

Martin, Laurence, 'The Market for Strategic Ideas: The "Sandys Era,"' American Political Science Review Vol. 56 (March 1962).

Martin, Laurence, 'Defence of the Realm,' Washington Quarterly (Autumn 1980).

Mason, Roy, 'Britain's Security Interests,' Survival Vol. 17, No.5 (September/October 1975).

Miller, Davina, 'Planning Programming Budgeting System and the Case of Rational Decision-Making in Britain's Ministry of Defence,' Defense Analysis Vol. 6, No. 2 (June 1990).

Moulton, Major-General J.L., 'Defence Planning: The Uncertainty Factor,' Long Range Planning Vol. 3, No. 4 (June 1971).

Moulton, Major General J.L., 'The 1966 Defence White Paper and Debate,' Brassey's 1966 (London: Brassey's, 1966).

Navias, Martin S., 'Strengthening the Deterrent? The British Medium Bomber Force Debate, 1955-56,' Journal of Strategic Studies, Vol. 11, No. 2, (June 1988).

Pym, Francis, 'Britain's Defence Policy,' NATO Review (December 1979).

Quinlan, Michael, 'The LTDP from a National Viewpoint,' NATO Review (June 1978).

Rees, Wyn, 'The 1957 Sandys White Paper: New Priorities in British Defence Policy?' Journal of Strategic Studies, Vol. 112, No. 2 (June 1989).

Scotter, Sir William, 'The British Army Today,' RUSI Journal (January 1976).

Smith, Adrian, 'Command and Control in Postwar Britain: Defence Decision-making in the United Kingdom, 1945-1984,' Twentieth Century British History Vol. 2, No. 3 (1991).

Train, Admiral Harry D. II, USN, 'Preserving the Atlantic Alliance,' US Naval Institute Proceedings (January 1981).

Walker, P.C. Gordon, 'The Labour Party's Defence and Foreign Policy,' Foreign Affairs Vol. 42, No. 3 (April 1964).

Wheelan, Mathew J., 'The Soviet Anti-SLOC Mission,' US Naval Institute Proceedings (February 1979).

Wignall, M.B., 'The Convoy System: Retrospect and Prospect, parts 1,2,3' Journal of Naval Science (February,

May, August, 1983).